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By Lindson Service





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'ETERNAL CHANCELLOR' VOTED OUT AFTER 16 YEARS

Kohl Era Ends as Germany Turns to Schroeder



Chancellor Helmut Kohl waving Sunday after voting in Oggersheim.

A Big Niche in History

Reunification Was His Greatest Moment

By William Drozdiak Washington Post Service

BERLIN - He was called the Eternal Chancellor. For a generation of young Germans, Helmut Kohl was the only leader they ever knew, until Sun-

But after 16 years in office, longer than Franklin D. Roosevelt or any other head of government in a major Western democracy, Mr. Kohl will surrender his exalted position to Gerhard Schroeder

after losing his bid for an unprecedented fifth term at the helm of Europe's most powerful nation.

Like his heroes Winston Churchill and Charles de Gaulle, Mr. Kohl overstayed his welcome with the voters and underestimated their yearning for fresh

At age 68, he will head into retirement consoled by his prominent niche in history, having reunified a nation torn

See KOHL, Page 8

By William Drozdiak

BERLIN - In an election that will transform the leadership of Europe's most pivotal nation, Gerhard Schroeder, Social Democrat, ousted Chancellor Helmut Kohl with a decisive victory that will bring the left back to power in

Germany for the first time in 16 years. It was the first time in modern German history that a sitting chancellor had been voted out of office. Mr. Kohl's defeat demonstrated the depth of discontent with his failure to cope with

For the EU, uncertainties. Page 8.

record unemployment and a clear desire to replace Europe's longest-serving leader in favor of new directions in government.

"After 16 years, the Kohl era has come to an end," Mr. Schroeder told a cheering crowd of supporters at party headquarters in Bonn. He declared that his most important goal would be to wage a vigorous fight against joblessness, which now hovers close to 11 percent of the work force.

"The new center of Germany has decided, and the Social Democrats have won them back," Mr. Schroeder said. The voters in Germany have brought about a once-in-a-generation change.

The election results in Germany mean that left-of-center parties will govern Europe's four largest countries. As recently as three years ago, conservative parties were firmly entrenched in power in Britain, France, Italy and

Mr. Kohl's government will continue in a caretaker role until a new coalition is formed. There is no deadline for doing that under the German Constitution. Early results showed the Social

Democrats would emerge as Germany's biggest party, with about 41 percent of the votes. Mr. Kohl's Christian Democrats crashed to their worst showing in four decades by scoring less than 35

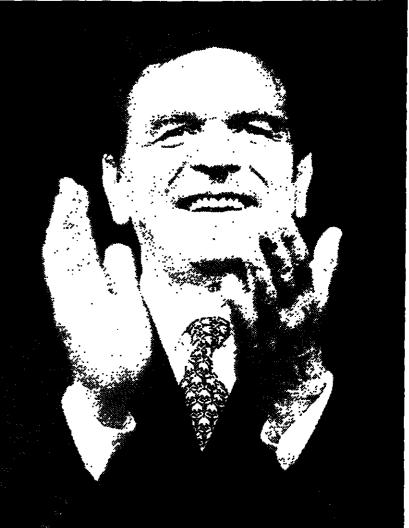
Mr. Schroeder said it was too early to judge whether he would turn toward the Greens to form a coalition government or whether he would need to look toward a grand coalition with the Christian Democrats. He said he wanted to see how the final results affected the allocation of seats in the Bundestag, the lower house of Parliament, before launching negotiations with prospective

The fate of the three small parties will determine the nature of Mr. Schroeder's government. His most likely partner, the Greens, were pegged to score about 6.5 percent. But whether the Social Democrats and Greens gain enough votes to form a stable governing majority may depend on whether the former Communists, known as the Party for Democratic Socialism, manage to cross the 5 percent threshold required to stay in Par-

If the former Communists make it, a so-called Red-Green coalition would have difficulty forming a government, and Mr. Schroeder might be compelled to seek a grand coalition with the Christian Democrats. But if they fall out of Parliament, the Social Democrats and Greens could secure a clear majority.

The Free Democrats, who served as junior partner in Mr. Kohl's center-right ruling coalition for the last 16 years, achieved about 6.3 percent, the same score as the Greens but declared they would go into opposition rather than present themselves as an alternative governing partner. For the outgoing chancellor, it was a

See GERMANY, Page 8



Germany's next chancellor, Gerhard Schroeder, applauding and greeting his supporters in Bonn on Sunday as the election results came in.

Opposition In Malaysia Joins Forces **And Rallies**

By Keith Richburg Vashington Post Service

KUALA LUMPUR — Malaysia's political crisis entered a new and more confrontational phase Sunday as opposition groups and political activists started two broad-based coalitions to push for sweeping political reforms and the ouster of Prime Minister Mahathir bin Mohamad.

The dramatic events - unusual in a country where opposition voices have been routinely cowed — were capped by a defiant nighttime rally by tens of thousands of people, representing a broad slice of the country's civic society and held at the suburban headquarters of the Pan-Malaysian Islamic Party. A succession of speakers delivered

Inhetorical broadsides against Mr. Mahathir, accusing him of using the country's draconian colonial-era anti-subversion laws to suppress dissent and demanding that he resign.

'Let's deliver our message to the police so they can give it to those people in power," said Mat Noor of the opposition Democratic Action Party, one of four political parties in a new co-

alition seeking reforms.

Speaking of Mr. Mahathir, he said: When people attend rallies, he says they are just onlookers. This rally is significant because it shows people actively oppose Mahathir's leadership."

The two groups introduced Sunday

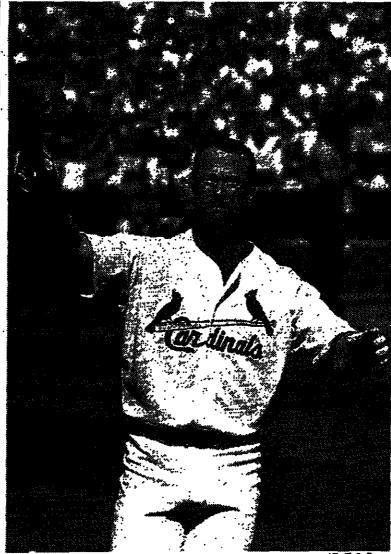
represent an attempt by opposition political parties and nongovernmental groups to provide some focus and direction to a small but burgeoning "people power" movement that has prompted nearly daily demonstrations the capital's streets for the past

The protests were triggered by the arrest Sept. 20 of Mr. Mahathir's popular longtime deputy, Anwar Ibrahim, whom the prime minister has accused of sodomy and sexual misconduct.

Mr. Anwar has denied the allegations, and his supporters say they were trumped up when the prime minister

See MALAYSIA, Page 9

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Mark McGwire tipping his hat to the crowd after hitting his 69th home run Sunday against Montreal. He followed it up with No. 70.

Smashing Finale: No. 70

Homer Derby Gives Baseball Shot in the Arm

By Richard Justice Washington Post Service

WASHINGTON - With his 69th and 70th home runs on Sunday, Mark McGwire of the St. Louis Cardinals looks to be the clear winner of major-league baseball's home run derby over Sammy Sosa of the Chicago Cubs. But the biggest winner will be

the game of baseball.

McGwire belted his 69th and 70th Sunday after hitting Nos. 67th and 68th Saturday to regain the lead in the race for single-season home run king. However, Sosa, who has 66, also had Sunday to swing away - and

may have still another day. Both players have said they would love to finish tied for the record, both having demolished the mark of 61 that Roger Maris held for 37 years. And while they may care more about finishing first than they're willing to admit, their legacies already have

been written in other ways. Before likely sellout crowds and massive television andiences, even with a full slate of National Football League games on Sunday, McGwire

and the St. Louis Cardinals were host to the Montreal Expos in what was both teams' season finale, while Sosa and his Chicago Cubs played in Houston against the Astros.

If the Cubs finish the day tied with the New York Mets or the San Francisco Giants for the National League's wild-card playoff berth - Sosa will play in another game, a tiebreaker. If he homers in that game, it will count in the regular season statistics.

McGwire's and Sosa's home runs have helped to revive a sport that seemed in decline four years ago when a labor dispute forced the cancellation of the 1994 World Series. Until this season, attendance remained below 1994 levels. Fans seemed to be coming back a few at a time, but because of Sosa and Mc-Gwire, they came back in a rush.

The sluggers proved that baseball still has the power to thrill fans and to create tension and drama. Fans latched onto the home run chase with ferocity and passion, some driving for hours and then paying hundreds of

See SEASON, Page 20

Mega-Bankruptcy Shakes Japan

Bad Debts Sink Bank Unit as Parties Finalize Financial Reform

TOKYO - An affiliate of Long-Term Credit Bank of Japan Ltd. collapsed Sunday in Japan's largest postwar corporate failure, Japanese media reported, quoting authoritative sources.

Japan Leasing Corp. filed for bank-ruptcy with liabilities worth 2.4 trillion yen (\$17.63 billion), Jiji Press reported, adding to the growing list of victims of the collapse of the speculative investment boom of the late 1980s.

The collapse of Japan Leasing under a crushing load of bad debt is likely to send ripples through the already shaky Japanese financial system as other banks that lent money to Japan Leasing are affected by the failure.

Japan Leasing was one of three nonbank affiliates of Long-Term Credit Bank, the fate of which had held up an agreement between Prime Minister Keizo Obuchi's government and opposition parties about legislation aimed at lifting Japan out of recession. Japan Leasing applied to the Tokyo

District Court for protection under the

corporate rehabilitation law, the Japan Broadcasting Corp. and Fuji TV said. An official at the court could not confirm the reports but said it was technically possible for such an application to be filed late Sunday night. No one at Japan

Leasing was available to comment. The fate of Long-Term Credit Bank is at the heart of the parliamentary debate

An 800-kilometer (500-mile) journey through Taleban territory will reveal why many Afghans have welcomed the

country's radical new rulers - and why

In Jalalabad, a devout Muslim phy-

sician secretly arranges totoring for his

many others have come to fear them.

over how to deal with Japan's banks and clean up their 87.5 trillion yen of bad loans. After weeks of haggling over legislation to rescue the banking industry, the governing party, the Liberal Demo-cratic Party, and opposition parties agreed Saturday to nationalize Long-Term Credit by making a forced purchase of its shares at a low price. The shares may then be sold to another bank.

The Liberal Democrats had insisted that public funds be used to increase the capital base of Long-Term Credit before its proposed merger with another bank, bank, Sumitomo Trust & Banking Co. But opposition parties and financial

See JAPAN, Page 17

Afghans Under Taleban: Weary, Wary and Poor

By Pamela Constable Washington Post Service

KANDAHAR, Afghanistan -- "Are you sure you want to take the risk?"

The Pakistani border official, about to stamp the exit visa, stopped with his

hand in midair. "Those people are not educated," he said. "They may act before they think. And you might suffocate under one of

those veils. He grinned darkly, then tossed back

the stamped passport. Across the border lies Afghanistan, a country nearly destroyed by two decades of warfare, sunk in such primitive poverty that the World Bank no longer attempts to measure its economy and ruled by the Taleban, a puritanical Is-

few nations as a government, has provoked widespread international outrage

istan today, and all but a handful of foreign relief workers have been evacuated.

lamic militia. The Taleban, recognized by only a

by its Draconian enforcement of its ver-

sion of Islamic law.

Few Westerners are allowed in Afghan-

daughter, banned from school by the Taleban. Kabul, the once-cosmopolitan capital, seems like a ghost town where no woman's face is seen in public and no man dares appear beard-

Along the desert highway, cars pro-ceed slowly around endless bomb craters, the legacy of two decades of war against Soviet invaders and among rival Afghan militias. And in Kandahar, local ethnic traditions are so conservative that the Taleban's medieval ethos seems

right at home. The historic Khyber Pass is a crowded, muddy footpath, and no one notices us in the two-way stream of traffic: donkeys laden with grapes, children bent under loads of scrap metal, hustiers and herders and holy men.

See TALEBAN, Page 9

AGENDA Mandela Dispels

Worries on Health CAPE TOWN (AP) — Seeking to calm worries about his health after he was forced to cancel an engagement on a state visit to

Canada, President Nelson Mandela

said Sunday that doctors had pro-

nounced him fit and well. Mr. Mandela, 80, said doctors had examined him within hours of his return home Sunday. "They all gave me a clean bill of health," he said. But he did admit that his North American tour had tired him. Earlier article, Page 4.

Storm Nears U.S.

Winds and rain lashed the Gulf Coast on Sunday and 1.5 million people were told to evacuate the New Orleans area ahead of the hurricane designated Georges. Page 3.

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The IHT on-line	www.iht.com

Clinton's Backers Step Up Offensive

By Brian Knowlton International Herald Tribune

WASHINGTON — Leading Democrats sharpened their attacks Sunday on Republican handling of the case against President Bill Clinton, but Republicans insisted that the process leading toward an impeachment inquiry would not be

ion polls. The attacks by Democrats appeared to reflect a new sense in the party and the White House that public distress over releases of vast amounts of often salacious detail in the Monica Lewinsky

slowed by opposition factics or by opin-

matter now outweighs popular disap-pointment with Mr. Clinton.

Throughout the weekend, Democrats tried to turn the matter to their party's advantage in the Nov. 3 congressional

Vice President Al Gore, whose support for Mr. Clinton had been less vocal than usual since the release of the report by Kenneth Starr, the independent counsel, on the Lewinsky affair, blasted congressional Republicans on Saturday, saying, "They give us nothing but per-sonal, partisan, political attacks on the

Representative Richard Gephardt of

Missouri, the Democratic leader in the House, who had also been cautious in his support for the president, said at a Democratic gathering that if Republicans dominate the next Congress, " will get two more years of inquiries and investigations and looking into everybody and everything that exists in the

Senator Dianne Feinstein, Democrat of California, a longtime Clinton supporter who had expressed sharp disappointment with his conduct, also crit-House Republicans. Her

See CLINTON, Page 8

Fabulous Wealth of an 'Oligarch' Sinks Under Ruble's Devaluation

Timothy L. O'Brien

OSCOW — Few Russians harvested the spoils of their country's troubled encounter with capitalism as feverishly as Vladimir Potanin, a young Soviet-era bureaucrat who in a few short years parlayed his Kremlin ties into a sprawling business

As recently as last year, Mr. Potanin was a high-ranking member of President Boris Yeltsin's government. At the same time, he controlled a cluster of important Russian financial and industrial companies that employed about 400,000 people, had won the support of Western investors like the billionaire George Soros, and was a member of a clique of businessmen known as the "oligarchs."

Defily exploiting lucrative opportunities that came with privatization, the oligarchs gained easy access to government officials, used dubious tactics to snare control of huge industrial concerns and are widely suspected of siphoning cash from the companies they acquired.

Many here are saying that the oligarchs' glory days are

"There are no oligarchs anymore because they're all bankrupt," said Vyacheslav Nikonov, president of the Polity Foundation, a Moscow research group. "The government, if it wanted, could always have destroyed the oligarchs in a minute. But no one wanted to destroy the

banking system."

Indeed, the breathtaking collapse of the Russian economy, and the failure of the Russian leadership to deliver on the promises of free market reform, have severely battered the oligarchs' businesses.

The new prime minister, Yevgeni Primakov, is likely to

be less amenable to their interests. Still, these are crafty men who negotiated the transition from communism to Russia's brand of capitalism with aplomb, and no one should underestimate their survival skills as circumstances evolve.

"Everything is going to change, and the role of the oligarchs will be less," acknowledged Mr. Potanin, 37. But he considers himself above the sordid dealings of the tycoons. "When the oligarchs lose their influence, they will lose their negative influence," he said. "But I will not lose my

"NDEED, Mr. Potanin, though besieged, continues to command international attention. He flustered financial markets last week when he warned that Russia would sooner default on its debt than risk disrupting 'social peace." A senior official of the International Monetary Fund called the statement a form of "blackmail."

Among themselves, the oligarchs have engaged in in-creasingly vitriolic spats lately, and some of them scoff at Mr. Potanin's attempt to occupy the moral high ground. "Unlike some of my competitors, I don't try to hide what

I have," said Alexander Smolensky, the elusive chairman of SBS-Agro, a large but now insolvent savings bank. "Those who were doing real banking in Russia will survive. Those who were speculating and grabbing state But while banks were the foundation of many fortunes in

Russia in the 1990s, they engaged in relatively little "real



Vladimir Potanin, with insider help, built a fabulous fortune of businesses, investments and banks but, he says, Everything is going to change and the role of the oligarchs will be less.

banking." Instead of playing the textbook role of taking deposits and lending money to fuel growth, Russian banks, including Mr. Potanin's Uneximbank, became sprawling, industrial Goliaths gorging themselves on wagers made in overheated financial markets.

And although they might suffer one another's barbs, the oligarchs are part of a thuggish, often violent business world that brooks little opposition. A St. Petersburg journalist investigating Russian banks was beaten to death last month, and the mayor of a Siberian town was murdered this year after pressing local oil companies to pay delinquent

"The simple truth is that there was too much corruption in Russia, and the reforms didn't go far enough," said Anders Aslund, an analyst with the Carnegie Endowment for International Peace. "All of this will go down in flames. and the only question is what will be built afterwards."

Mr. Potanin's career epitomizes an era in which the hopes of Western investors and governments came to repose in a handful of power brokers. These big players reaped vast fortunes through free-wheeling practices in which conflict of interest was endemic and regulatory

scrutiny virtually nonexistent.

Married, with one child, Mr. Potanin was born in Mos-

cow into a privileged family. His father, Oleg, was a high-ranking official in the Foreign Trade Ministry and guided his son's career. With his father's sponsorship, Mr. Potanin gained entrance to the elite Institute of International Relations and then joined the ministry himself. Fluent in French and conversant in English, Mr. Potanin was given a

post trading raw materials for the government.

The oligarchs depended on high-ranking Communist Party officials or former state organizations for their initial funding and business deals; Mr. Potanin was no exception. When he left the government in 1991 to start his own trading company, Interros, the state's biggest raw materials exporters backed him.

Attractive as this business was, Interros really hit the jackpot when Mr. Potanin opened Uneximbank in 1993 with funds from the government's foreign-trade bank. These were still the early days of privatization, and Uneximbank was one of thousands of new private banks set up across Russia, ostensibly to finance an economic rebirth.

Banks could be started by anyone with about \$1.5 million in capital and an office. Western and Russian bankers, along with law enforcement officials, said many of the smaller and midsize banks are now controlled by criminals and corrupt officials. The very biggest - those that are owned by the oligarchs — have been used for building empires and speculating. Few were well-managed or cautiously operated, including Uneximbank.

But the bank and the young tycoon who owned it grew wealthy together — and with blinding speed. By the end of last year, it had \$3.8 billion in assets, small by Western standards but enough to make it the largest and most prostingious private commercial bank in Buscia. prestigious private commercial bank in Russia.

But like most Russian banks, Mr. Potanin's institution is now insolvent. According to Western bankers, Uneximbank has about \$700 million in derivatives liabilities that it cannot pay, a figure Mr. Potanin and the bank declined to

Mr. Potanin said his media holdings, including the prestigious daily newspaper Izvestia, once the official organ of the Soviet state, are in dire straits.

His industrial companies are laying off workers and cutting back production. He said all of his holdings, once valued at about \$10 billion, are now worth just \$2 billion. But most analysts said Interros' assets are worth only a few hundred million dollars — and may be worth next to nothing, given the current state of the Russian economy.

HE HEADQUARTERS of Mr. Potanin's empire. Uneximbank, resembles a fortress as much as a financial institution. Armed guards, metal detectors and electronic gates protect the entrance to the main building, which is on a commercial boulevard lined with monolithic slabs housing a series of Russia's leading

But the bank has proved to be the foundation of an empire built on sand. Its tenuous prosperity rested on a lucrative but unstable niche in Russian securities markets and an inside track it navigated with a heavy hand during auctions of formerly state-owned companies beginning in 1995.

Mr. Potanin was retained as a consultant to the gov-

ernment and designed the auction process, known as loans for shares. The auctions were overseen by Anatoli Chubais, one of his sponsors in Mr. Yeltsin's administration and a

reformer.

Loans for shares was riddled with cozy deals that put well-connected businessmen in control of key Russian industries at fire-sale prices. Mr. Chubais's reputation was tarnished last year when it was revealed that he and several others had accepted a sizable book advance from a publishing company controlled by Uneximbank.

Likewise, Alfred Kokh, a Russian official who oversaw the Svyazinvest sale, later got a \$100,000 book advance from a Swiss accounting firm set up by Uneximbank.

Like other banks, Uneximbank minted riches, albeit briefly, during the speculative fever that infected the Russian securities market last year. To fill yawning budget

sian securities market last year. To fill yawning budget gaps, the Russian government had been issuing short-term treasury bills, known as GKOs, paying sky-high interest rates to keep investors intrigued. Banks were required to hold a certain amount of GKOs in their coffers, but analysts

said many — including Uneximbank — held far more than was healthy, captivated by the hefty interest rates.

When it became apparent the GKO shell game had ended, the government — realizing it could no longer service its debt and being pressured by banks to protect their interests. interests -- announced a catastrophic devaluation and debt moratorium. Mr. Potanin's empire was in tatters.

Betty Carter, 69, Singer and 'Godmother of Jazz,' Dies TRAVEL UPDATE

NEW YORK - Betty Carter, 69, a Grammy-winning singer who worked with Charlie Parker and Dizzy Gillespie and became known as the godmother of jazz for nurturing young musical talent, died Saturday of pancreatic cancer.

Clubs where she had played, includ-ing the Blue Note and Birdland in New York, observed a moment of silence in her memory. Annie Ross, another jazz singer, said Mrs. Carter was one of the

last greats from a fading generation.
"God, we'll miss her," Mrs. Ross said. "She was a wonderfully inventive innovative singer. Who's left?'

Mrs. Carter was best known to fans for her signature singing style - daring improvisations and unusual approaches to songs that included scat-singing

around every tune and bouncing synthe fundamentals of Jungian psychology with patients. The book quickly became

Russia Tourism Stump

serving Shannon Airport in Ireland. Virgonations against every officeat but the through his writing and teaching, died essential reading for clinicians seeking. copations against every offbeat but the expected one.

That style helped make her 1960 duet with Ray Charles, "Baby It's Cold Outside," a jazz classic.

Mrs. Carter also was known as a nurturing teacher and godmother to suc-cessive jazz generations. Her graduates include the pianists John Hicks and Mul-grew Miller, the bassists Buster Williams and Dave Holland, and the drummers Jack DeJohnette and Lewis Nash.

Edward Whitmont, 85, Jungian Psychoanalyst

NEW YORK (NYT) - Dr. Edward Christopher Whitmont, 85, a Jungian psychoanalyst and homeopathic physician who introduced many Americans to

through his writing and teaching, died Monday in Sherman, Connecticut. The cause was cancer of the thymus, his family said

A founding member of the Interna-tional Association for Analytical Psy-chology and the C.G. Jung Institute of New York, Mr. Whitmont spent much of his life exploring the territory where mind, body and spirit intersect, synthesizing and expanding upon ideas and methods drawn from diverse areas of psychology, medicine, science and re-

Mr. Whitmont's 1969 book, "The Symbolic Quest," was the first text to apply the Swiss psychologist Carl Gustav Jung's complicated writings on archetypes to the therapist's daily work

essential reading for clinicians seeking an understanding of Jung.

Archie Smith, 78, Winemaker

WASHINGTON (NYT)- Archie Smith Jr., 78, a Virginia winemaker who had the rare distinction of succeeding in a field where Thomas Jefferson failed, died Sept. 19 in Middleburg, Virginia. The cause was Lou Gehrig's disease:

amyotrophic lateral sclerosis. Mr. Smith was one of a small group of pioneering winemakers who fulfilled lefferson's agrarian goal of making a good wine in Virginia that provides a live-

lihood for farmers and their families. Meredyth Vineyards, which Mr. Smith started in 1975 with the boom in American wine consumption, now makes 35,000 cases a year, which is small in comparison with California vineyards.

MOSCOW (AP) — The economic crisis in Russia has badly bruised the nation's tourism industry, driving demand for transportation down 25 percent, the Itar-Tass press agency reported

Sergei Shpilko, deputy chairman of the Russian State Committee for Physical Culture and Tourism, said at least 30 percent of travel agency employees would probably be laid off in October, Itar-Tass said. He called on the govemment to support tourism with such measures as a reduction in visa fees.

Budget Airline Grows

BRUSSELS (Bloomberg) — Virgin Express Holdings PLC, a Brusselsbased low-fare airline, plans to begin

WEATHER

gin will start with two daily flights between Shannon and Stansted Airport, outside London, and with charter flights.

This Week's Holidays

Banking and government offices will-be closed or services curtailed in the following countries and their dependencies this week because of national and.

religious holidays: MONDAY: Taiwan

TUESDAY: lociia, Paraguay. WEDNESDAY: Botswana, Israel. THURSDAY: Burns, China, Cyprus, Hong.

Kong, India, Macau, Nigeria, Rwanda, San Marino. FRIDAY: Bahrain, China, Guinea, Israel, Hong Kong, India, Macau, Saudi Arabia.

SATURDAY: Germany, Honduras, South,

Sources: J.P. Morgan, Bloomberg, Reuters:



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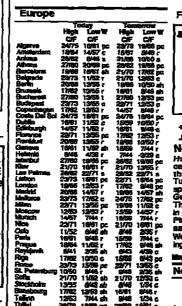
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North America

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AMERICAN TOPICS

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INTERNATIONAL HERALD TRIBUNE, MONDAY, SEPTEMBER 28, 1998

THE AMERICAS

U.S. House Approves Tax Cut of \$80 Billion

Plan to Return Part of Federal Budget Surplus Faces Uncertain Senate Future and Veto Threat

By Richard W. Stevenson

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11:33 ::

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FAINT

WASHINGTON — Brushing aside a veto threat from President Bill Clinton, the U.S. House of Representatives has approved an \$80 billion Republican taxcut plan that would be paid for by projected federal budget surpluses

The vote Saturday put Republicans a step closer to a politically charged election-year showdown with the White House and congressional Democrats over an issue that both sides believe will

play to their advantage.

Republicans said a portion of the excess revenue expected to flow to the government in coming years should be returned to taxpayers, in part to keep Washington from spending it.

Led by Mr. Clinton, Democrats have framed the issue as one of fiscal responsibility, saying that to spend any surpluses before they materialize would endanger efforts to address the long-term financial problems of the Social Security system. Since January, Mr. Clinton has been demanding that Congress set aside every penny of the surplus until it has agreed with the administration on a plan to shore up Social Security.

The bill would provide a tax break for many middle-income married couples, exempt some interest and dividend payments from taxation, reduce inheritance taxes, accelerate a plan to allow the self-employed to deduct 100 percent of their health insurance premiums and extend a credit for corporate research.

The House vote, 229 to 195, was largely along party lines.

The legislation now goes to the Sen-

ate, where its prospects are uncertain. Because of the parliamentary rules that will apply to the bill in the Senate, it will require 60 votes for passage, a hurdle that Republicans, who hold 55 seats, said would be difficult to overcome.

Senate Republicans, who earlier this year voted to cut taxes by \$30 billion over five years, could scale back the House bill to try to win votes from wavering Democrats.

Some Republicans have also weighed attaching the tax bill to a package of spending bills to make it more difficult for Democrats to vote against it and to raise the stakes should it come to a presidential veto.

Battered and strained by Mr. Clinton's struggle for political survival. Democrats were clearly happy to turn attention to an issue that could help unify the party and spur more Democrats to turn out at the polls in November. 1

Mr. Clinton, traveling in California, immediately put out a statement saying that the Republican plan "drains billions of dollars from the surplus before ening Social Security." The president reiterated that he would veto the bill if it reached his desk.

Republicans said the tax burden on citizens, measured as a percentage of total economic activity, was at its highest level since World War II. They said that cutting taxes would help move power out of Washington and back to states and communities while reining in Washington's predilection for ever-lar-

ger spending on social programs.

Mr. Clinton has already broken his
own pledge to put Social Security first
by proposing to use the surplus to pay for emergency spending next year for farm relief, increased security at U.S. embassies and the peacekeeping mission in Bosnia, Republicans said. Moreover, they said, the projected budget surpluses are so large that there is plenty of room for a tax cut without limiting the options for dealing with the looming crisis in Social Security, which will run short of money to pay benefits when the baby boom generation retires.

They said their plan would leave most of the surplus — projected by the Congressional Budget Office to be \$520 billion over the next five years and \$1.55 trillion over the next 10 years free to help address the looming prob-lems with Social Security.

"The time has come to admit taxand-spend has failed," said Representative Bill Archer, Republican of Texas, who wrote the tax bill. "It's time to reduce the size of government and to let people keep their tax dollars."

But most Democrats stuck closely to their party line, saying that now is not the time for tax cuts. They said that all the projected surplus for the next five years, and nearly all for the next decade, would come from excess payroll tax payments that are earmarked for Social

Once the Social Security surplus is stripped out of the overall surplus calculations, the Democrats said, there is nothing left to pay for a tax cut, making the Republican plan a threat to the long-term fiscal health of the nation.

"The passage of this bill will make solving the Social Security problem more difficult, plain and simple," said Representative Benjamin Cardin, Democrat of Maryland. "We're raiding Social Security, Without Social Security we have no surplus.'

The issue is already showing up in congressional races around the country. The AFL-CIO, a major source of support for Democrats as they struggle to keep Republicans from picking up more seats in the wake of Mr. Clinton's tronbles, said it began running television commercials in 20 congressional districts last week trying to rally the public



Thousands rallying in Washington to demonstrate for increased funding for cancer research.

Rally Seeks Bigger Cancer Battle

WASHINGTON - Thousands of people who have cancer, who have overcome it, who have lost friends or relatives to the disease or who are working in laboratories to conquer it marched in Washington to demonstrate for an increase in money for Organizers on Saturday called it the first time

that all the major U.S. cancer organizations had One in four deaths in the United States, totaling a half-million annually, is due to cancer.

Bill and Terri Tomoff of Crofton, Maryland, arrived at the rally pulling a little red wagon. In it sat their daughter, Olivia, 6, and son, Ryan, 4, whose ukemia was diagnosed two years ago.
"We'll live the rest of our lives fighting cancer,"

Mrs. Tomoff said. Her husband said doctors tell on cancer," Mr. Gore said.

them that three-quarters of children with leukemia survive but often with complications from the

Some of the sponsors of the rally have called for

doubling and redoubling federal financing for cancer research to \$10 billion a year.

Cancer spending is now about \$2.4 billion a year, and budgets approved by the House of Representations. sentatives and the Senate would increases spending by 16 percent and 20 percent, respectively, next

The rally heard from Vice President Al Gore, the Reverend Jesse Jackson and two survivors of prostate cancer, Norman Schwarzkopf, the retired general, and the financier Michael Milken whose

family foundation helped pay for the event. We want to be the generation that wins the war

Another Vaccine For the Early Years

Anti-Pneumococcal Succeeds in Test

By Rick Weiss

signed to prevent a common and often deadly group of Streptococcus pneumoniae.

early childhood infections The new vaccine is the fit has proved highly effective and may also reduce the number of troublesome ear infections in preschoolers, according to researchers

The vaccine prevents "invasive" pneumococcal dis- such infections. eases, including life-threatening bacterial meningitis, blood poisoning and pneumonia. Scientists expect it will also help prevent less serious but burdensome and common childhood infections that are caused by the same bacteria.

"This is a tremendous advance," said Jerome Klein, a professor of pediatrics at Boston University School of Medicine and an expert in pneumococcal vaccines, "I don't see anything on the horizon that would inhibit quick approval and an enthusiastic reception by pediatricians.'

More than 10,000 U.S. infants and toddlers become ill with invasive pneumococcal diseases annually, with about presented Friday.

half of them dying or suffering permanent brain damage as a result. An estimated WASHINGTON - The million others get ear infecfirst experimental vaccine de- tions or other complications caused by the same bacterium,

The new vaccine is the first to provide protective immunity against that bacterium in children younger than 2 years old — the age at which they are most at risk of death or permanent injury from

"My feeling is this really will be the pediatric vaccine of the decade," said Henry Shinefield, who is a co-director of the vaccine study center for Kaiser Permanente in Oakland, California, that conducted the study.

Executives at the vaccine's maker, Wyeth Lederle Vaccines, said the company would apply within three months for Food and Drug Administration approval to market the fourshot regimen. If approved, it would join the half-dozen or so other inoculations recommended for U.S. children, Results of a company-sponsored trial involving 38,000 infants in Northern California were

Wind and Rain Lash Gulf Coast as Hurricane Nears

NEW ORLEANS - Rising winds

and driving rains lashed the Gulf coast Sunday as the hurricane designated Georges moved closer to the U.S. shore, forcing hundreds of thousands of people to evacuate New Orleans and coastal areas in several states.

With winds of up to 110 miles (175 kilometers) per hour, the storm churned in the Gulf of Mexico near the mouth of the Mississippi River in southeastern

New Orleans is protected by 130 miles of levees, but city officials worried that Lake Pontchartrain and Lake Maurepas could spill over their banks, flooding the city and its suburbs.

More than 1.5 million people had been ordered or urged to leave New Orleans and low-lying coastal areas. Bumper-to-bumper traffic jammed Interstate 10 out of the city into the early hours Sunday, and the American Red Cross said it expected to house 35,000 evacuees in dozens of shelters around the state.

Thousands more were told to leave coastal sections of Mississippi,

Although no serious injuries or deaths have been reported in the United States, at least 300 people died as the hurricane moved through the Caribbean over the past week.

Georges was expected to make land-fall later Sunday, the National Hur-ricane Center in Miami said, but winds of up to 50 mph were already hitting coastal cities from Louisiana east to the Florida Panhandle. The center also warned that up to 20

inches (51 centimeters) of rain were likely, along with a storm surge of waves 15 feet (4.5 meters) high. The combination was expected to bring heavy flooding along the coast. A hurricane warning was in effect from Morgan City, Louisiana, to Panama City, Florida.

The storm swept through the Florida

Keys on Friday, and it was advancing northwest through the Gulf of Mexico on Sunday at about 10 miles per hour. New Orleans officials on Saturday urged residents living inside hurricane

protection levees to evacuate, and they ordered a mandatory evacuation by those living outside the defensive embankments. The normally lively French Quarter was all but abandoned, and many of its

stores and restaurants were boarded up. A Coast Guard spokesman, India Roderick, said, "We're pretty much out of here with our emergency response ca-pability, so I hope nobody gets in trouble until the storm passes.

'Rescue helicopter and boats have been moved completely out of the New Orleans area." he said, "and most of our personnel have been evacuated, too."

City crews sandbagged bridges and streets and closed floodgates in levees that surround the low-lying city.

Mayor Marc Morial warned residents that the hurricane would strike a hard

"This is nothing to play with," he said. "It's a powerful force of nature."

Mr. Morial said he would likely order a mandatory curfew later in the day to make sure people stayed indoors.

The New Orleans airport shut down

early Sunday. In neighboring Mississippi, officials sent tourists scurrying from the state's beaches and casino boats, which began shutting down late last week in preparation for the storm.

Georges was one of four hurricanes plying the Atlantic basin. (Reuters, AP)

Away From Politics

The Food and Drug Administration has given approval to Herceptin, a closely watched drug for treating advanced breast cancer. Herceptin, which is made by Genentech Inc., is the first "monoclonal antibody" to be approved for the treatment of breast cancer. Herceptin is transfused into the body and then binds to a protein called HER2. That protein is found on the surface of some normal cells and plays a role in regulating cell growth. Some tumors make too much HER2. In clinical trials, Herceptin stunted growth of those tumors.

• The Pentagon has ordered a broad review of all military Internet sites open to the public to ensure no information there could compromise national security or endanger Defense Department personnel. Deputy Defense Secretary John Harrre, who issued the order, said he recently discovered that some Web sites were offering "too much detail on Defense Department capabilities, infrastructure, personnel and operation procedures," posing a potential threat to U.S. troops and military operations. (WP)

· Conditions in New York City's parks are considerably poorer than city officials say, partly because most of the more than 27,000 acres (10,900 hectares) of parkland are never inspected, a private parks group says in a report to be issued Monday. It found benches collapsing, paths in shambles, landscape overnun by weeds and almost no working drinking fountains.

POLITICAL NOTES

From D'Amato, A 'Liberal' Refrain Big Donors Inside

NEW YORK - In the very first general-election campaign, Senator Clinton were warm and admiring.
Alfonse D'Amato, Republican of They called him "The Commander New York, signaled his plan of attack of Geeks" and handed him \$650,000 resentative Charles Schumer.

To anyone who had followed Mr. D'Amato's previous campaigns, or the candidacies of a dozen Repub- trips to the region. licans across the nation who read from the same strategic playbook, it was shunned the gathering Saturday night anything but a surprise.
"Chuck Schumer's a New York

City liberal, and he proves it every the announcer proclaims, as the word "liberal," in bold block letters, rolls across the screen. Since then, virtually every campaign statement, television advertisement and speech by Mr. D'Amato that mentions Mr. Schu-mer has been larded with the word. In casting the race in such terms.

Mr. D'Amato and his chief political publicans become the majority party in Congress in 1994. But many analysts say it is a strategy

that has lost its bite. In 1996, a half-dozen of Mr. Finkelstein's clients who used variations on the "liberal" theme lost their elections.

Protests Outside,

SAN JOSE, California—Hundreds sentence of a commercial that he un-veiled on the very first day of his but the words inside for President Bill Clinton were warm and admiring.

on his Democratic challenger, Rep- for Democratic campaigns - more money than executives from Silicon Valley had given Mr. Clinton in his two previous political fund-raising

> Some high-tech leaders may have in anger over the president's conduct with Monica Lewinsky, but the computer entrepreneur who was host of the event, John Doerr, co-founder of TechNet, called it "the most successful fund-raiser," adding, "Silicon Valley is proud to be with you."

Quote/Unquote

Steven Grossman, co-chairman of adviser, Arthur Finkelstein, are re- the Democratic National Committee, viving a strategy that helped the Re- on the silver lining behind the Clinton scandal: "We're much stronger than we would have been. Good times create complacency and aparity, which are the enemies of our party. When things are good, people tend to stay home. Sometimes you need a crisis, an existential (NYT) crisis, to motivate you."

AMERICAN TOPICS

Georgia Defends Peanuts

Peanuts are big business in Georgia, where they generate more revenue — about \$500 million a year than any other crop but cotton. So Georgians are not terribly happy about the recent peanut butter bans declared by some private New York schools or a federal order that air-

liners offer peanut-free zones. "People are going to be allergic to things," said Jerry Usry, executive director of the Georgia Peanut Pro-ducers Association. "To have pea-nuts singled out seems unfair." Peanut promoters say the war on peanuts and peanut butter is based on exaggerated fear and motivated by

threat of lawsuits. The Centers for Disease Control

reported a total of 88 deaths from all food allergies from 1979 to 1995. But the Food Allergy Network argues that deaths are considerably underrepor-ted. The nonprofit group estimates that 125 Americans die each year from food allergies, mainly to peanuts.

The Virginia-based allergy net-

work does not support peanut bans in school, but it does favor peanut-free zones on passenger planes. Peanutbelt lawmakers objected so strenu-ously to the zones — a minimum of three rows of seats - that Transportation Secretary Rodney Slater has agreed to review the policy.

Meanwhile, the American Peanut

Council says the industry supports research to develop allergy-free peanuts and vaccines against peanut allergies.

Short Takes

Motorcycle-mounted paramedics will make their U.S. debut this week, according to St. Barnabas Health Care System. Twelve paramedics for the hospital system in densely inhabited New Jersey will share two BMW motorcycles. "Am-bulances do not do well in traffic jams," said Dr. Jay Kaplan, chairman of the Saint Barnabas emergency services. Each bike will carry medicines, trauma equipment and defibrillators.

Los Angeles is thought of as a city of slavish devotion to the automobile. But it also has large numbers of pedestrians. And the combination has made the city the most dangerous for pedestrians in the country. In 1996, the most recent year for which sta-tistics are available, 1,382 pedestrians were killed or injured on Los Angeles streets, far more than in the runner-up cities, New York and Chicago.

One reason, notes The Chicago Tribune, is that a state law that once gave pedestrians the absolute right-ofway was modified several years ago. Now pedestrians must yield in areas of heavy traffic --- and in California, that means almost everywhere.

Brian Knowlton

Cindy Crawford's Choice



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INTERNATIONAL

U.S. Tries Again to Get A Mideast Peace Deal

Compiled by Our Staff From Dispatche:

NEW YORK - Secretary of State Madeleine Albright held separate talks over the weekend with the Palestinian leader, Yasser Arafat, and Prime Minister Benjanun Netanyahu of Israel in a fresh effort to conclude a peace deal and forestall Mr. Arafat's threat to declare a

Tired Mandela Is Home Early

TORONTO — After a grueling four weeks of state visits, an exhausted President Nelson Mandela of South Africa has cut short his tour of North America and returned home ahead of schedule.

Looking extremely unsteady, Mr. Mandela, 80, was persuaded by aides to cut short his appearance at a luncheon with Canadian and South African businessmen on Friday and to cancel a scheduled news conference a little later.

But after being treated by his physician and resting for about six hours, Mr. Mandela reappeared to make a shortened speech at a dinner with Prime Minister Jean Chretien

of Canada. Mr. Mandela appeared to be in good spirits, and joked with reporters who questioned him about his health, saying he was ready to

challenge them to push-ups.
"He has been examined by his physician," said Mr. Mandela's chief of staff, Jakes Gerwel. "There's nothing wrong with him, but he is very exhausted."

In the last four weeks, Mr. Mandela has played host to a visit by President Fidel Castro of Cuba, been chairman of a southern African summit meeting and visited Mauritius, the United States and (AFP, AP)

After seeing Mr. Arafat on Saturday night, Mrs. Albright said that the meeting was "good," but she and other U.S. officials declined to elaborate. She then drove several blocks to Mr. Netanyahu's hotel and held an 80-minute meeting with the Israeli leader. Mrs. Albright was shuttling between New York and Washington as part of an urgent U.S. push in the next few days to try to lock in progress on key issues that Israel and the Palestinians have been negotiating for 18 months without success.

The goal is to announce some kind of concrete progress this week. Mr. Arafat and Mr. Netanyahu are to meet separately with President Bill Clinton in Washington, but officials say a three-way meeting could be arranged if events warranted it.

"The Israelis have done their half and we're waiting to see what the Palestinians are going to do on security," an Israeli diplomat said.

The State Department spokesman, James Rubin, said that "our view is that it would be a mistake and not helpful for Chairman Arafat to make a unilateral statement" that he intends to set up a state on the West Bank and in Gaza.

Mr. Rubin said there was no expectation that Mrs. Albright's efforts would soon achieve the comprehensive accord on further Israeli troop withdrawals from the West Bank and Palestinian security commitments that the two

parties have been seeking. Instead, in an effort to salvage a peace process that has deteriorated ominously, the United States is seeking in the near

term partial agreements that "advance or solve key issues," Mr. Rubin said. "That doesn't mean it's an agreement and it's an accord," he said. "It just

means that key aspects can be agreed." Mr. Rubin did not specify what a partial agreement might cover. But mafor items under discussion include se-curity, withdrawal of Israeli troops from the West Bank, establishment of a Gaza industrial site and an airport, and "unilateral actions" that could harm peace efforts, like further Israeli settlements or a declaration of Palestinian statehood. (Reuters, AP)



Margalit Har-Shefi, right, standing in a Tel Aviv court Sunday with her mother and a relative.

Friend of Rabin's Killer Is Jailed

She Knew of Assassin's Plans but Did Not Warn Authorities

By Joel Greenberg New York Times Service

JERUSALEM - A woman friend of Yigal Amir, the assassin who gunned down Prime Minister Yitzhak Rabin three years ago, was sentenced Sunday to nine months in prison for failing to

prevent the slaying.

The 23-year-old woman, Margalit Har-Sheft, from the Jewish settlement of Bet El in the West Bank, stood silently with downcast eyes as the sentence was pronounced at the Tel Aviv Magistrates Court

She later called it "a miscarriage of justice,"

and her lawyer said he would appeal.
Imposing the sentence, Judge Nira Lidski said that had Miss Har-Shefi "shown greater responsibility required by law and taken reasonable measures to prevent the crime, this despicable murder might never have been committed. Miss Har-Shefi, a religious Jew who attended

law school with Mr. Amir at Bar-Ilan University near Tel Aviv, was convicted three months ago of

failing to report Mr. Amir's warnings that he would kill Mr. Rabin.

Judge Lidski said in the verdict that Miss Har-Shefi knew that Mr. Amir, a religious militant, had been plotting for months to kill Mr. Rabin, and that he had told her of two aborted attempts he had made to shoot the prime minister. Mr. Amir assassinated Mr. Rabin in 1995 and is serving a life sentence. Breaking a public silence, Miss Har-Shefi read a

prepared statement to reporters after Sunday's sentencing, describing Mr. Amir's threat to kill Mr. Rabin as "sounding so imaginary and so un-realistic then" that she did not believe that he was

going to act.
"They say that I could have prevented the murder of the prime minister," Miss Har-Shefi said. "I wish I could have. Who imagined that this terrible thing was really going to happen?"

She added: 'Had I even the slightest suspicion

that this man meant what he was saying, I not only would have reported it, but I would have considered it a mission and a fulfillment of a moral and religious obligation of the highest order."

BRIEFLY

Ankara Strengthens Iraqi Ties

ANKARA - Turkey said it would upgrade its diplomatic relations with Iraq in angry response to a U.S.-backed agreement between Iraq's Kurdish opposition.

Deputy Prime Minister Bulent Ecevit said in a statement Saturday that Turkey planned to send an ambassador to Baghdad for the first time since 1992. Turkey, which fears Iraqi Kurdish separatism could encourage its own restive Kurds, will also help speed up

the appointment of an Iraqi ambassador to Ankara, The post has been vacant for several months. These mutual appointments will aid our dialogue and relations with the Iraqi administration," Mr. Ecevit said. Turkey has complained it was left out of a deal struck in Washington this month between the Iraqi Kurdish faction leaders Massoud Barzani and Jalal Talabani. (Reuters)

Algeria Bomb Kills at Least 4

ALGIERS - A bomb killed at least four people and wounded 24 Sunday, government security forces said. The bomb exploded in the town of Khemis, 100 kilometers (60 miles) southwest of Algiers, said a statement carried by the official press agency APS. Security forces blamed Muslim rebels for the blast.

Algerian newspapers reported Sunday that seven people had been killed in other violence. At least 26 people were killed and 150 others wounded nine days ago when a bomb ripped through an open-air market in Tiaret, 230 kilometers southwest of Algiers, according to an

Israelis Assess New Iran Missile

JERUSALEM - The parading in Iran of a missile capable of reaching Israel set off sharp debate on Sunday, with a prominent politician scolding another for saying Israel should consider a preemptive strike.

Uzi Landau, chairman of the foreign affairs and security committee in Parliament, told Israel radio that such 'unnecessary chatter'' could heighten the likelihood of Israel being targeted.

Iran on Friday displayed its medium-range Shahab-3 missile during a military parade. . (AP)

Colombia Rebel Seeks Swap

BOGOTA -- The top guerrilla leader has presented a list of 245 soldiers and police officers held by his group that he wants to swap for insurgents imprisoned in

Manuel Marulanda, commander of the Revolutionary Armed Forces of Colombia indicated Saturday that he wanted the exchange before peace talks begin.



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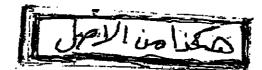
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begun a new offensive in southern launch air strikes. Kosovo against ethnic Albanian rebels, who apparently regrouped in the area. States would not act alone. Serbian and Albanian sources said Sun-

A police official said many units, inhad begun a mop-up operation aimed at purging the secessionist Kosovo Liberation Army from the account of the control of the c eration Army from the area, 45 kilo- any action," meters (30 miles) southwest of the provincial capital, Pristina.

Serbian offensive against rebels in another area, Drenica, situated northwest of here. That offensive came as the United Nations Security Council demanded an end to the Serbian crackdown and NATO prepared plans for air attacks

that the Yugoslav president, Slobodan Milosevic, has only "a short period of time" to comply with international de-mands to end the Kosovo conflict.

"A failure to do so presents the possibility that a military operation against Mr. Milosevic would be necessary," Mr. Cohen said in Sarajevo. "A failure to do so on his part will be met with very strong NATO action, in my judg-

PRISTINA, Yugoslavia — Brushing
whether a UN resolution adopted last
Albanian sources said 47 Serbian tanks

And he emphasized that the United

"I've tried to made it very clear the United States is not going to act unilaterally," he said after lunching with

'There's been some talk about a coincial capital, Pristina.

The latest action followed a strong

Altion of the willing, but I believe it is
NATO's responsibility to take action here if Milosevic doesn't stop what he's

doing," Mr. Cohen said. Mr. Cohen also praised progress made so far in rebuilding Bosnia and promised continued U.S. help to all groups that supported the U.S.-brokered peace

unless the fighting stopped.

In Bosnia-Herzegovina, Defense Sector William Cohen repeated warnings

if has replaced death and building is the stopped of the war. now replacing destruction," Mr. Cohen said at the end of a one-day visit.

He said he was impressed with the progress since his visit in 1996. In Kosovo, meanwhile, the Albanianrun Kosovo Information Center said Serbian forces were attacking from three directions near the towns of Suva Reka,

Urosevac and Stimlje, southwest of

Pristina. According to the Albanians, the attack But Mr. Cohen acknowledged that was focusing on 11 villages in the area,

aside NATO threats, Serbian forces have week provided a sufficient legal basis to and 57 trucks were seen massing in the area late Saturday.

The separatists have suffered defeats in southern Kosovo earlier this year, but

apparently regrouped.
According to the police sources, the rebels recently kidnapped two local Serbs, a 25-year-old and a teenager, which prompted the new action.

■ Accord on Mixed Troop Unit Steven Lee Myers of The New York

Times reported earlier from Skopje,

Seven Southeast European countries agreed over the weekend to create a multinational military force that could be used for peacekeeping or aid op-crations in the Balkans and elsewhere.

Three NATO allies - Italy, Greece and Turkey — joined Albania, Bulgaria, Macedonia and Romania in agreeing to the force, which will be a brigade with 3,000 to 4,000 troops divided into 14 companies by the time it is ready, probably next year.

The countries' defense ministers signed a pact creating the force after meeting Saturday in the Macedonian

The United States has welcomed the force, not so much for its military significance as for the cooperation between countries that have a history of rivalries

BRIEFLY



VINTAGE PARIS — Cars of all makes and years rolled down the Champs-Elysees Sunday to mark the 100th birthday of the Paris Motor Show.

NATO Troops Seize Bosnia Serb

SARAJEVO, Bosnia-Herzegovina - NATO troops arrested a former Bosnian Serb police chief indicted by the international war crimes court for murder, rape and other crimes against Muslims and Croats during the 1992-1995 Bosnian war, officials announced Sunday. Stevan Todorovic, 41, was apprehended without in-

cident in the northern town of Bosanski Samac, about 70 kilometers (45 miles) northwest of Sarajevo, a NATO statement said. (AP, Reuters)

Belgian Resigns Over a Death

BRUSSELS - King Albert accepted the resignation of Interior Minister Louis Tobback because of the death of a Nigerian woman who was being forcibly deported. The announcement Saturday night followed a ceremony for Senira Adamu, attended by thousands of

For the Record

Swiss voters appeared to have narrowly approved a new system of truck taxes that was billed as a precondition for closer ties with the European Union.

At least 50 people were injured Sunday when an apparent propane gas explosion caved in the roof of a café in Palma, Majorca, officials said. (Reuters)

The British Labour Party opened its annual conference Sunday in Blackpool with left-wing victories in party elections, marking the first setback for Prime Minister Tony Blair and his centrist policies.

A Catholic Leader Criticizes Sinn Fein

Party, He Says, Should Do More To Solve IRA Disarmament Issue

By James F. Clarity New York Times Service

DUBLIN - Seamus Mallon, the highest-ranking Roman Catholic official in Northern Ireland, on Sunday accused Sinn Fein, the political wing of the Irish Republican Army, of impeding the peace effort in Ulster.

In rare criticism of Sinn Fein, Mr. Mallon, the first deputy minister of the new Northern Ireland Assembly. said the party of Gerry Adams was being "too pat" in its refusal to help solve the growing dispute over disarmament of the outlawed IRA.

Mr. Mallon, who is also a member of the Parliament in London, also criticized his superior, First Minister David Trimble, the head of the Protestant Ulster Unionist Party, for failing to agree to a com-promise on the disarmament problem.

an interview on Irish national radio, were directed at Sinn no such stipulation in the Fein, whose participation in the Assembly he has long supported. Mr. Mallon has in recent months become the leader of mainstream Catholies in the North, replacing John Hume, who is an Assembly member but has been playing a secondary role in leaders of the Social Democratic and Labour Party, posts in the new provisional which represents a majority of Catholics in the North. Sinn Fein is the second strongest Catholic party.

Sinn Fein claims it represents only its voters, not the IRA, an assertion that is scoffed at by most political leaders, expens and ordinary people in the North. Mr. Adams says he cannot guar- designed to give the over-antee that the IRA, which has whelmingly Catholic Irish been observing a cease-fire for 14 months, will begin to disarm before the new peace Fein were excluded from the agreement is fully enacted, as scheduled, by May 2000.

said Sinn Fein should agree to a scheduled IRA disarmament in the coming weeks. 'It is time to give some very substantial confidence-building to the unionist commu-

nity," he said. A tentative disarmament schedule is being prepared in the North by General John de Chastelain, former chief of staff of Canada's armed forces and now the head of a

disarmament commission established in the peace agreement approved in the spring. Mr. Malion said he would be discussing such a schedule this week with Prime Min-isters Tony Blair of Britain and Bertie Ahern of the Irish Republic. Failure to reach a compromise on disarmament could "damage the peace

process" and "poison the body politic," he said. Mr. Trimble says the peace agreement implies that some disarmament must begin But his sharpest words, in soon. Mr. Adams, the Sinn Fein president, says there is says that all parties will work toward disarmament, but does

not say when it must start. The IRA has an estimated 100 tons of weapons, including explosives, which it says it has no intention of giving up. Mr. Trimble insists that the disarmament dispute. Mr. until some form of disarm-Mallon and Mr. Hume are ament has begun, Sinn Fein will not be given ministerial

government That government is to take over many local powers from the British government early next year.

One of the pivotal provisions of the peace agreement. the cross-border North-South Ministerial Council, which is to meet late next month, is Republic more influence in Northern affairs. But if Sinn new council because of the disarmament dispute, the But on Sunday, Mr. Mallon body would be ineffectual.

Slovak Opposition Parties Topple Meciar

BRATISLAVA, Slovakia --- A bastion of authoritarian rule in Central Europe appeared set to collapse Sunday after election results showed voters rejecting the government of Prime Minister Vladimir Meciar.

Opposition parties, which together won a majority in the general elections, said they wanted to form a government, effectively dashing Mr. Meciar's hopes of staying in power.

The four parties, which span the political spectrum, ruled out any cooperation with Mr. Meciar and called for the new Parliament to be convened soon to allow them to form a cabinet. "The participants of the democratic

roundtable expressed a common will to form a new Slovak government," the leader of the Slovak Democratic Coalition, Mikulas Dzurinda, said after talks with the three other parties.

150 seats in Parliament.

7

Meciar as prime minister if the opposition alliance can withstand what promises to be weeks of political pressure and

hard bargaining.
Mr. Meciar, 56, whose government has been criticized in the West for backsliding on democracy, had hoped to lure one or more of the parties into an alliance that would keep him in power.

Mr. Meciar's Movement for a Democratic Slovakia had considered the Party of the Democratic Left, the former Communists, as a potential ally, but the party leader, Jozef Migas, rejected any suggestion that his or any of the other parties

would team up with the prime minister. Mr. Migas said the creation of a government with Mr. Meciar's party was unacceptable for us."

party, Sergej Kozlik, said earlier Sunday mandate for bolstering democracy in ilks with the three other parties. that his party, which remained the Slovakia, which split from Czechoslo-Full, unofficial results indicated that biggest in Parliament, wanted to form a vakia in 1993. "I hope and I believe that the opposition parties had won 93 of the government. The leader of the biggest the young Slovak state is on the right party is by tradition asked first to try to track," he said in a telegram to Mr. The results put the 43-year-old Mr. assemble an administration.

The Movement for a Democratic Slovakia "won the election and will behave like a winner," Mr. Kozlik said. There is no reason for Prime Minister Meciar to quit politics."

The opposition combines the Slovak Democratic Coalition on the right and the Party of the Democratic Left, with the center-left Party of Civic Understanding and the ethnic Hungarian Coalition Party in the center.

Mr. Meciar's options are limited. His biggest coalition partner in the outgoing government, the Workers Party, failed to get into Parliament at all.

Combined with his remaining partner. the far-right Slovak National Party, Mr. Meciar will control just 57 seats, 19 short of a majority.

President Vaclav Havel of the Czech The deputy chairman of Mr. Meciar's Republic said that the vote provided a Dzurinda. (AP, Reuters)



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rewards and recognition the world over.







MACAU — For years, the looming reversion of this Portuguese colony to China has been little remarked on and largely forgotten — a bit of colonial housekeeping lost in the wake of Hong Kong's momentous handover from Bri-

But now, this other handover is suddenly generating some drama of its own. The Chinese government announced in early September that it planned to deploy troops in Macau after it takes pos-session of the colony on Dec. 20, 1999. The decision is an about-face for Beijing, which has long said it did not see the need to establish a garrison on this small patch of land on its southeast

Beijing's surprise move is not play-ing well with Macau's lame-duck lead-

By William H. Honan

New York Times Service

NEW YORK — American colleges and universities, long the world leaders in attracting international students, are seeing a decline in their dominance,

U.S. government analysts and educa-

tion officials have reported at a con-

Moving vigorously into the compe-

tition for international students are Australia, Canada, Latin America, New

Zealand and members of the European

Union, according to the Institute of In-

iternational Education, which conducts

an annual study of students who travel

"I won't say we've lost our com-

peritive edge, but we can no longer take

things for granted," said Joseph Duffey,

director of the U.S. Information Agency, which, with the Educational

Testing Service, sponsored the confer-

ence last week at the State Depart-

The United States is still by far the

most popular destination for foreign stu-dents, attracting about 458,000 in the

1996-97 academic year, the USIA said.

Next was France, which draws about

170,000 every year, according to figures

The number of foreign students

studying in the United States increased

steadily after World War II, but has been

flat since 1993, speakers at the con-

But, as the number of students studying in other countries has risen, the U.S.

40 percent of all international students

studied in the United States. Today,

only 32 percent do, according to USIA

The decline was attributed to the relatively high cost of American colleges

and universities and to vigorous recruit-ing in recent years by colleges in other

Since 1990, for example, the number of international students attending Australian colleges and universities has in-

Keith Geiger, director of academic

programs for the USIA, said: "Aus-

tralian universities are much cheaper

than their counterparts in the United

States, and they are a whole lot closer to

home for people in Southeast Asia, which is the largest provider of inter-

provided by Unesco.

figures.

Countries.

creased tenfold.

national students."

erence saidವರ್ಷಾನಿ ೩ ೧೯

ference in Washington.

ers. The Portuguese governor of Macau, General Vasco Rocha Vieira, said China was putting a "new interpre-tation" on the 1987 joint declaration that set the terms for Macau's handover. The deal, he noted, said nothing about

On Thursday, Portugal ratcheted up its disapproval. A senior adviser to the Portuguese prime minister said in an interview with Macan's leading Portuguese-language newspaper that there was "no need" to station troops in the

"Portugal and China may be entering a new phase in their relations," said Fok Kai Cheong, a history professor at the University of Macau.

China insists it has a right to deploy troops because, after the handover, it will be responsible for Macau's national security and defense. When China took control of Hong Kong last year, several

The decline in the percentage of for-

eign students attending colleges and universities in the United States cannot

be explained by the Asian economic

crisis, because the decline began five

years ago; the Asian crisis began last

Stephen Trachtenberg, president of George Washington University, who took part in the conference, called the trend "the sincerest form of flattery."

"What's happened," Mr. Trachten-berg said, "is that after many foreign

students have earned degrees from

American institutions they then use

their knowledge and experience to es-

tablish similar institutions in their home

The way to reverse the trend, Mr. Duffey said, is "to make our institutions

more user-friendly, to explore things

like joint degree programs, to see if

there aren't unnecessary barriers and to explore helpful partnerships with in-

dustry and philanthropy."

Participants in the conference agreed

that the effect of the Asian economic

crisis was only beginning to be felt.

Nine of the 10 leading sources of

foreign students in the United States are

in Asia. Canada is the only non-Asian

cording to the institute, Japan supplied

the largest number of international stu-

dents to colleges in the United States,

China, excluding Hong Kong, was

next, with 42,503 students, followed by

South Korea (37,130), India (30,641),

Taiwan (30,487) and Canada (22,984).

Others in the top 10 are Malaysia, Thai-

The financial crisis in Asia has forced

many Asian students studying abroad to

seek cheaper housing, get part-time jobs

or transfer to colleges in less expensive

devaluations, bankruptcies and stock

market losses at home have put edu-

cation in the United States out of their

The U.S. Immigration and Natural-

land. Indonesia and Hong Kong.

In the 1996-97 academic year, ac-

one among the 10.

U.S. Gets Smaller Share

American Colleges' High Costs Deter Some

Of Foreign Students

truckloads of troops from the People's Liberation Army immediately rolled across the border. Most of the soldiers promptly disappeared into their barracks and have not been spotted since.

But several experts noted that the relationship between China and Portugal is very different from that between China and Britain.

Portugal established Macan in 1557, more than two centuries before British ships dropped anchor in Hong Kong. And while Portugal has been more amenable about giving up its last foothold in Asia, it has its own sensitivities and points of contention.

"It's all very well to have troops in Hong Kong, but Macau is much smaller," Mr. Fok said. "How do you do it

Although China and Britain quarreled over many aspects of Hong Kong's handover, the deployment of

troops was not one of them. Because Britain had always maintained a garrison in the territory, it seemed a foregone conclusion that China would replace the British soldiers with its own.

Portugal, by contrast, has had a generally harmonious relationship with China. But experts here said the deployment of troops had struck a nerve with Portugal because it withdrew its own soldiers from the enclave in 1974,

after the Portuguese revolution.

Legal experts said that while there were no provisions in the Chinese-Portuguese Joint Declaration stipulating that troops be deployed, there were also no prohibitions against a Chinese military presence.
"Whatever the presence of troops,

it's likely to be more symbolic," said Nuno Riquito, a professor of law at the

University of Macau. What concerns people here is the

timing: China has decided to send in troops just as Macau's gang wars are flaring up again. China's deputy prime minister, Qian Qichen, said Beijing was "very concerned" about security in the enclave. Although Mr. Qian said law enforcement was Macau's responsibility, he said the presence of troops would

contribute to stability.

That has fed suspicions that China plans to use the army more for law and order than defense. If true, experts said such a policy would violate Pertugal's handover agreement, which - like Hong Kong's — guarantees the enclave a high degree of autonomy in internal

"The problem is that Beijing is not likely to play by the law," said Ng Kuok Cheong, a legislator who is a sort of oneman opposition party. "The troops may behave themselves in 1999. But what about 50 years letter?" about 50 years later?"

BRIEFLY

Police and Shiites Clash in Karachi

KARACHI, Pakistan - Hundreds of Shuite Muslim mourners exchanged gunfire Sunday with security forces in Karachi, leaving two people dead and six wounded, the police said.

The Shiite protesters blocked

roads and attacked vehicles in Karachi's eastern district during a funeral procession for their religious leader and his son, who were killed Saturday. Two soldiers were

among the injured. Safar Ali, 60, a Shiite leader, and his son Rajab Ali, 28, were killed by two unidentified gunmen outside their shop in the Eidgah district of Karachi.

Police officials said they suspected rival Sunni extremists were involved in the killings.

Taiwan to Discuss Opening to China

TAIPEI — Government officials in Taiwan will meet business leaders this week to discuss relaxing restrictions on investments in China, in a sign of improving relations with Beijing, a newspaper

reported Sunday.

Prime Minister Vincent Siew will meet Wednesday with Taiwan's leading 200 investors in China. where Taiwan's entrepreneurs have invested an estimated \$30 billion, the United Daily News said.

President Lee Teng-hui, who introduced the regulations on investments in China, will meet the same group Friday, it said. (AP)

49 Die in Sri Lanka In Battle for Road

COLOMBO -- In a battle to control a strategic highway, at least 49 combatants were killed in fighting between government soldiers and Tamil Tiger rebels in northern Sri Lanka on Sunday, the military said. The dead included 40 rebels and nine soldiers in the ficrcest fighting

in two months, it said. The rebels attacked soldiers near Paranthan, a town 280 kilometers (175 miles) north of Colombo, the Sri Lankan capital.

"At present, troops are in full control of the situation, and clearing operations are in progress," the military said, adding that a large number of rebels had

Burma Releases 6

RANGOON - The military government said Sunday it had released six opposition members, bringing to 13 the number of National League for Democracy supporters released in recent days.

But the league, which celebrated its 10th birthday Sunday, said hun-

between the government and other NLD members are continuing.



PAN-ASIA MASQUERADE - Sri Lankans performing a traditional dance at the Andong International Mask Dance Festival in South Korea, which also featured artists from Japan, Thailand and Tibet.

U.S. Weighed Bomb Raid on China in '64

By Jim Mann Los Angeles Times Service

WASHINGTON - Amid the utmost secrecy, top aides of President Lyndon Johnson agonized during the early months of 1964 over a preoccupying national security issue. Should the United States bomb China to stop it from becoming a nuclear power?

"I'm for this," scrawled Mr. John-son's national security adviser, McGeorge Bundy, on one memo about a possible pre-emptive strike that might cripple Chinese nuclear installations.
The Joint Chiefs of Staff studied op-

tions for military action, including the use of U.S. nuclear weapons. The CIA plotted covert action against Chinese test facilities at Lop Nor. American officials even sounded out the Soviet Union about collaborating to stop China from getting the bomb.

ization Service has stepped in to loosen The Soviets were not interested, and work rules for foreign students. And a Johnson administration officials de-cided, after considerable debate, that the few colleges are adjusting student grants to make up for falling exchange problem was not worth the risks inherent in a military attack. In the end, the But other colleges have not made United States resigned itself to China's possession of nuclear weapons. adjustments, and increasing numbers of Asian students are finding that currency

The details of this hidden drama are. unveiled for the first time in a collection of documents recently made public by the U.S. State Department.

Since the advent of nuclear weapons during World War II, there has been only one instance where a nation used military force to stop another country from becoming a nuclear power: In 1981. Israel bombed an Iraqi nuclear reactor at Osirak in an action that damaged and delayed but did not stop of drive by President Saddam Hussell to acquire nuclear weapons.

The first nuclear test by China, on Oct. 16, 1964, marked the last time until this year that any country openly sought to break into the elite club of declared nuclear powers.

In 1964 only the United States, the Soviet Union, Britain and France had nuclear weapons. India and Pakistan conducted nuclear tests in May; India tested a nuclear weapon in 1974 but not openly. Israel is assumed to have nuclear weapons, but has never acknowledged it.
The secret memos in the historical

documents are dry in language but scary in their implications.

"The Chinese could eventually do significant, but not crippling, damage to U.S. forces in Asia, while the United States will have the ability to destroy Communist China," says one memo. on the military implications. "This makes Chinese first-use of nuclear weapons unlikely.

U.S. efforts to stop China from getting the bomb actually began under President John Kennedy. At the time, the United States had better relations with the Soviets than it did with China. In 1963 the United States and the Soviet Union signed the muclear test ban heary. The Chinese accessed the Soviets and American icans of colluding with one another.

The newly released papers show that in the months after Mr. Johnson took office that year, one of the main subjects under discussion in Washington was what to do about the Chinese nuclear weapons program.

The State Department had asked the

chairman of the Joint Chiefs of Staff in mid-1963 to draw up a contingency plan for an attack, with conventional

weapons, on Chinese nuclear facilities. On Dec. 14, 1963, the answer came back. The Joint Chiefs said a bombing operation against China would be feasible. However, they added, if there were to be such an attack, they recommended consideration of the use of American nuclear weapons.

But American policymakers realized that military action would have only

dreds of its members remained in 7 detention. The governing State Peace and Development Council said the six opposition members were released at the end of last week after a successful "exchange of views." It added that "view exchanges

(Reuters)

LANGUAGE

WHO IS BEHIND AN AUDEMARS PIGUET WATCH? Audemars Pignet 1348 Le Brassus. Switzerland Internet: www.audemarspiguet.com

Playing, and Talking, With a Full Deck

By Richard Lederer

NEW YORK — My son and daughter live and move and have their beings in that windowless, clockless pleasure dome known as Las Vegas. I'm pleased to report that in May, in a packed room at Binion's Horseshoe Casino in downtown Vegas, they placed sixth and seventh in the sevencard stud competition, the only sibling pair ever to reach the finals in the World Series of Poker in the same game. My children have also won national

tournaments with exotic names like the Diamond Jim Brady Texas Hold 'Em Shootout and the Hall of Fame Classic Deuce-to-Seven Lowball Draw No-Limit if you can't already tell, I'm proud sess such passion for what they do. My children's achievements in the

gaming halls inspire me to play with a full deck of vivid words and phrases. that have made the trip from the poker to put my money where my mouth is. table into our everyday conversation and writing. The same color and highrisk excitement of poker that inspired 352 players to plunk down \$10,000 each in the 1998 world championship event at Binion's have made the language of poker one of the most pervasive metaphors in our language. The basic elements of poker are the

cards, the chips and the play of the hand. From the game of five-card stud descends the expression back-to-back victories, from a formitous ace-downace-up as the first two cards. Be on guard for a cardsharp who will give you sion that means "to shift responsia fast shuffle, in which case you may bility." But why, you may have asked get lost in the shuffle. You might call yourself, should handing someone a such a low-down skunk a four-flusher a flush (from the Latin fluxus, because answer can be found in high-stakes

holds a worthless hand of four same- in pass the buck was originally a poker suit cards and one that doesn't match. Now that we've laid our cards on the table, let's see what happens when the chips are down. We call a gilt-edged, surething stock a blue-chip security because

blue poker chips are the most valuable. When we compare the worth and power of two things, we often ask how one stacks up against the other, as in "How do the Knicks stack up against the Heat?" Here, the reference is to the columns of chips piled up before the players around a poker table. These stacks also account for the expressions bottom dollar and top dollar. Betting your bottom dollar means wagering the entire stack, and the top dollar, or chip, is the one that sits atop the highest pile on the table. Indeed, the metaphor of poker chips is so of my kids, especially because they pos- powerful that one of the cuphemisms we

use for death is cashing in one's chips. The guts of poker is the betting. If you want to call my bluff on that one, and insist that I put up or shut up, I'll be happy

Say you're involved in a big business deal. You let the other guy know that you're not a piker running a penny-ante operation. One theory traces piker to westward migrants from Pike County, Missouri. These small farmers were less inclined than hardened veterans to risk high stakes, and the county name came eponymously to designate penny pinchers. Ante, from the Latin for "before," refers to chips placed in the middle of the poker table before the betting begins, so

Pass the buck is a common expressuch a low-down skunk a four-flusher

a poker player who pretends to hold in any way transferred? Once again the all five cards flow together), but in fact gaming halls and riverboats. The buck

term designating a marker that was placed in front of the player whose turn it was to deal the next hand. This movable object varied the order of betting and kept one person from dealing all the time, thus transferring the disadvantages of being the first to wager and cutting down on the chances of cheating. During the heyday of poker in the 19th century, the marker was often a hunting knife whose handle was made of a buck's horn. The marker defined the game as Buckhorn Poker or Buck Poker and gave us pass the buck. In the Old West, silver dollars often

replaced buckhorn knives as tokens, and these coins took on the slang name buck for their own. President Harry Truman adopted the still-famous motto "The buck stops here," meaning that the ultimate responsibility rested with the president.

The cleverest application of poker terminology that i have ever encountered appears on the truck of a New Hampshire plumbing company: "A Flush Is Better Than a Full House." In poker that isn't true, but any homeowner recognizes its wisdom.

Great poker players must have a firm grounding in the statistics of card distribution and probability but, as my son and daughter the poker champions explain. To play poker at the highest level is to read people—their faces, their body language and their behavior patterns." Language and people are inextricably intertwined. The democratic poetry of poker that pervades our American language is a vivid emblem of the games that we, as a civilization, watch and play. It's in the cards. You can bet on it.

Richard Lederer, the author, most recently, of "The Word Circus," wrote this for The New York Times. William Safire is on vacation.

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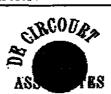
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By Barry James International Herald Tribuna

German general election Sunday left Spain as the only major European Union member still under a right'st government.

But European Union sources said they did not expect major changes in German policy toward the 15-nation bloc to result from the changeover. Mr. Schroeder, a relative novice in foreign affairs, has committed himself to the main directions of EU policy, including monetary union, which is due to start Jan, 1, and enlargement

of the century. But the EU expects Germany to be

stantial reduction of its share of the EU budget.

While it welcomes the EU's enlargement to PARIS — Gerhard Schroeder's victory in the include 100 million people on its eastern borders, Germany is averse to paying more than what it sees as its fair share of the costs of the expansion. Mr. Schroeder's victory could put Germany on a collision course with Mediterranean countries such as any reduction in the contributions they receive from the EU.

Officials at the European Commission, the EU's executive body, say enlargement makes it inevitable that some countries will have to pay toward Eastern and Central Europe after the turn more into the budget and others less, but where the line will be drawn is likely to be the subject of

increasingly intransigent in demanding a sub-stantial reduction of its share of the EU budget. heated debate. Mr. Schroeder's victory also poses questions for the French-German alliance that forms the backbone of the EU. In the past, an agreement between Mr. Kohl and his friend Francois Mitterrand, the former French pres- success for a Europe of social democracy. ident, could usually be relied on to resolve any difficulties in the alliance.

Mr. Schroeder, however, is considered closer in Spain and Portugal, which are determined to resist ideology to Prime Minister Tony Blair of Britain than to the French prime minister, Lionel Jospin. Mr. Blair hailed the election results as a major development opening up a new era of center-left government for Europe. In France, President Jacques Chirac congramlated Mr. Schroeder but federalism. His campaign posters emphasized also warmly praised Mr. Kohl, whom he had backed during the campaign.

"success for a Europe of employment, a success for a Europe with more social justice and a He also praised Mr. Kohl as "a truly great

Mr. Kohl's defeat after 16 years in office removed a statesman who has been hugely influential in the cause of European unification.

In a bid to win votes at home, however, Mr. Kohl stressed German over European interests and blocked moves toward further European the German colors of red, gold and black rather than the blue and gold of the EU, and the chan-

The Austrian chancellor, Viktor Klima, also cellor hammered on the theme of Germany as a bailed Mr. Schroeder's victory, saying it was a great world power rather than, as in the past, a great European power.

William Itemstate

Not to be outdone, Mr. Schroeder also stressed that Germany was a resurgent world power as it prepared to move its capital back to Berlin next,

Political analysts said this meant that Germany, while continuing to be a good European, would now be much more assertive about defending its interests - particularly its economic interests - in European councils.

The days of the open German checkbook are clearly numbered, they said. Germany contributes almost a quarter of the EU budget, based on its population and gross domestic product.

Ex-Communists At Center Stage In East German State Election

By John Schmid tional Herald Tribun

FRANKFURT - The former Communists reached an important milestone Sunday in an East German statehouse election that will be watched carefully

for its importance on the national level. In Mecklenburg-Western Pomerania, the Party of Democratic Socialism, the cessor to the East German Communist Party, made significant gains and became the leading coalition candidate to join a new state government led by the victorious center-left Social Democrats, observers and political strategists said.

The former Communists became the state's third-largest party, winning 25.5 percent of the vote, up from 22.7 percent four years earlier.

The Social Democrats prevailed at the national level Sunday night as their candidate, Gerhard Schroeder, defeated the incumbent chancellor, Helmut Kohl, a Christian Democrat. But now, many Germans wonder what sort of relationship will develop between the reformed Communists and Bonn's newly elected

worrisome backdrop for the national state vote, up from 29.5 percent four years campaign and has unsettled the main-

The issue became all the more urgent after the PDS, as the former Communists are known, grabbed a larger share of results late Sunday, the party won about 5.3 percent of the national vote, up from the 4.4 percent it won four years ago.

Jubilant officials of the Party of Democratic Socialism appeared on German television Sunday night to declare themselves ready to govern i burg-Western Pomerania.

If the party enters state government with the Social Democrats, either as a formal coalition partner or as informal supporters, Mecklenburg-Western Pomerania would become the second East German state this year in which such a "red-red" alliance has been formed. In April, Saxony-Anhalt's Social Democrats chose to govern in a minority government with the "toleration" of the PDS.

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The far right also made gains from 1994, when they collected only 1 percent of the vote in the state. But the extremeright parties in the Mecklenburg race fell far short of the gains that some polls had

But a proliferation of far-right parties in Germany since the last election season in 1994 ensured that three rival extremist parties split the far-right vote, which made it impossible for any of them to

make it above the 5 percent benchmark.
The German People's Party, or DVU, came closest with an estimated 3 percent of the state vote. That party caused the most concern after it won a 12.9 percent score in April in Saxony-Anhalt, winning the highest score for the far-right in

The other two far-right parties on the ticket — the Republicans and the Na-tional Party of Germany, or NPD scored so low that their results failed to appear in the preliminary counts.

The DVU debuted at the national level



Harald Ringstorff, Social Democratic candidate for premier of Mecklenburg-Vorpommern, and his wife, Dagmar, arriving to vote in Schwerin.

al vote after the Republicans maintained their 1.9 percent share from 1994.

The Christian Democrats, once celebrated in East Germany as the "party of German unification," suffered a new defeat. They party fell to 30 percent from Parliament even if it slips below the 5 seats in the Bundestag in Bonn in the 37.7 percent, causing the current state national race. According to preliminary premier, Berndt Seite, to concede defeat.

The role of the extreme parties is seen as a major consideration as Mr. Schroeder and his party carry out negotiations for their national coalition partners.

Projections Sunday night left open the Friedrichshain-Lichtenberg.

Following are excepts from the speeches to party supporters by Helmut Kohl and Gerhard Schroeder, who de-

feated the German chancellor in the

It has been for us a difficult evening

and naturally for me as well. I first want

to thank everyone, the many thousands

campaign. The election result is clear, the Social Democrats won. The voters

It's also a personal victory for state

The next thing I want to say is a clear

word of responsibility for me. I was the top candidate, and I take responsibility

for this without any ifs, ands or buts.

There is no debate about this defeat, I

It is clear that we didn't succeed. I am

thankful to all those who helped us in the

Premier Gerhard Schroeder, and I wish

have clearly opted for Red-Green.

election Sunday:

Helmut Kohl

Sunday with a projected 1.2 percent, chance that Mr. Schroeder could form an effectively enlarging the far-right nation- alliance with the pro-environment Greens. But that was far from clear. Failing a workable red-green majority, governing party.

As it did on the national stage Sunday, The re-emergence of both far-left and far-right parties this year has created a made gains. It scored 35.9 percent of the defeated Christian Democrats.

Ex-Communists Win in Berlin

The Party of Democratic Socialism has won three constituencies in East Berlin and is thus assured of a return to percent threshold in nationwide voting for party lists, Reuters reported Sunday. The election commissioner in Berlin said the PDS had won the East Berlin legislative districts of Prenzlauer Berg-Mitte, Hellersdorf-Marzahn and

Winner and Loser Address 'a Personal Victory'

It was a great time. We achieved a lot, but

as democrats, we accept the decision of

the voters. The voters have decided and

we respect this decision. Life goes on.

Ladies and gentlemen, dear friends, after 16 years, the era of Helmut Kohl is

over. The new middle has triumphed,

obligation of our policies for the next four years. I want to take this oppor-tunity to pay respect to Helmut Kohl. He

was a tough opponent, but the voters have spoken about whom they want to

It will be our task to modernize our

country thoroughly and overcome the blockage of reforms. The voters have

chosen in this election a change of generations. The election was also an elec-

people of our nation back together and to

overcome the internal divisions.

last 16 years, also to those many abroad who helped pave our way as friends and the East and for the need to complete belp of my friend Oskar Lafontaine.

lead our country into the future.

Gerhard Schroeder

who worked so hard for us in this election and the SPD has won it back. That is the

will discuss with the CDU board to-tion campaign of polarization and an at-morrow and ask them not to nominate tempt to split our nation into two camps. I

me again for the chairman of the party at said during the campaign that the task of the next party congress. said during the campaign that the task of a new government will be to bring the

partners. Many of our triumphs were the internal unification of our nation. made possible by our partners and friends.

I am happy and thankful for the sup-

tion policy and to make it easier for many of the country's 7 million foreigners to become German citizens. The new goveming party also wants the European greeted by prolonged applause from disappointed supporters as he arrived at his for accommodating refugees.

party headquarters an hour after the polls closed to concede the election to Mr. Schroeder. He acknowledged that the Social Democrats had run a more effective campaign and then signaled his retirement from politics by insisting he would not stand for re-election as his

party's president.

Mr. Kohl expressed his gratitude to those who supported his causes, both at home and abroad, for the last 16 years. "It was a great time," he said. "We achieved a lot. But as democrats, we accept the

decision of the voters. Life goes on."

Mr. Schroeder paid tribute to his adversary, saying Mr. Kohl deserved acclaim for having achieved German reunification and working toward a more united Europe. He emphasized that he did not want to lurch toward radical change but would seek to maintain continuity in many areas, especially friendly relations with Germany's neighbors and a strong Atlantic partnership.

Continued from Page 1

bitter rejection by an electorate that had sustained him in office for four suc-

cessive terms, largely because he em-bodied their desire for stability. He was

Nonetheless, a Social Democratic-led government could bring significant course corrections in several areas. The Social Democrats have already vowed to restore some of the cuts in pension and sick pay that Mr. Kohl's government car-ried out as the first timid steps toward reforming the nation's generous social welfare programs. Mr. Schroeder pledged that "social justice" would govern the new government's economic policies.

That could signal bad news for Germany's business sector, which has been pleading in vain for greater tax relief and a loosening of labor laws that have made production costs in Germany among the highest in the world.

In contrast to Mr. Kohl, Mr. Schroeder supports creating a political counter-weight to the European Central Bank, which would argue for lower interest rates - even at the risk of higher inflation - in order to promote economic growth.

port that I have received, especially from

my party, the SPD. The SPD has put

forth two chancellors. Willy Brandt and

tinuity. I am especially thankful to

Helmut Schmidt for his advice and his

new middle. It's apparent that this

economic stability and internal security

but above all for a continuation of our

is the fight against the plague of mass unemployment. And I will invite all the

major players in the economy to Bonn to

promise to do everything, and I mean everything, to improve your living stan-

dards and to complete internal unity step

by step. I am happy and delighted about

the support I have received. I would like to finish, dear friends, with a word of

thanks. Our success and my success would have been unthinkable without the

My most important goal, dear friends,

Our concept has been to aim for the

support in recent months.

foreign policies.

The Social Democrats have also Germany's economy.

promised to revise Germany's immigration policy and to make it easier for many ward Boris Yeltsin and believes that Mr.

GERMANY: Schroeder Is Elected, Ending Kohl's 16-Year Rule

Despite his promises of continuity in foreign policy, Mr. Schroeder has already signaled some changes in the way his party will handle relations with the outside world. He would proceed more cautiously with the expansion of

the European Union, fearing that an in-flux of Polish workers could destabilize

Reuters reported from Bonn.

asunder by a conflict that split the Con-After entering office with a mediocre reputation as a shallow politician, Mr.

In recent years, his counsel was avidly

He promised Easterners that their liv-

"German unity and European unity are two sides of the same coin," Mr. Kohl declared, in what became his mantra. It was this deeply felt conviction that impelled him to ignore public dismay and sacrifice Germany's cherished Deutsche mark in favor of a single European currency, the euro, that he hopes will revive momentum toward a United

States of Europe. But Mr. Kohi's poor nomics ultimately caused his political tions against the stationing of cruise and East Germans the strong Western mark in return for their worthless currency on a one-to-one basis. The low productivity frightened away many investors and de-Helmut Schmidt. Both stood for renewal

The cost of rebuilding the East has soared close to \$100 billion a year, with no end in sight to the drain on the nation's treasury. Mr. Kohl also deferred hard decisions needed to restructure concept was the right way. I stand for Germany's economy for the 21st century, preferring instead to dole out huge subsidies to dying coal, steel and shipbuilding industries that would placate

> Despite his prowess as a political campaigner, which helped him knock off four successive Social Democratic opponents until his loss to Gerhard Schroeder, Mr. Kohl was ultimately toppled from power by his failure to live up to his promises. Voters decided that if he could not carry out his much-vaunted reforms during the past 16 years, he could not be trusted to

vowing to curtail the bloated state sector and what he called "the excesses of 13 years of socialistic misrule." But he leaves office with the German state still controlling half of the economy, a plight that is driving many German and foreign enterprises to flee the country in search of lower taxes and cheaper production

As the last Western leader to have lived through World War II, Mr. Kohl's Mr. Kohl's designs, President George personal life and political philosophy were profoundly shaped by that conflict Born in the industrial Rhine port of Ludwigshafen, Mr. Kohl was 15 and a Nazis capitulated. He lost his brother Walter in the war, and tearfully recalls how his family survived on CARE packets dropped by American pilots on the

bombed-out rubble of his hometown. Mr. Kohl joined the Christian Democraric Union in 1946 as an ardent disciple of Konrad Adenauer, Germany's first postwar chancellor. He earned a doctorate in history at Heidelberg University and was the youngest politician to enter the state assembly of Rhineland Palat. inate in 1959. A decade later, at age 39, he was elected governor of the state and

soon became chairman of the party.
Throughout his career, Mr. Kohl cul-

back Sunday when he lost his home district of Ludwigshafen to the Social Democratic candidate, Doris Barnett,

Mr. Kohl suffered a humiliating set-.

Kohl made a serious mistake by investing too much in his friendship with the ailing Russian president. He would also cultivate closer relations with Britain

and de-emphasize the primary status that

Mr. Kohl accorded France.

■ Kohl Loses Home District

KOHL: The 'Eternal Chancellor' Bows Out

Continued from Page 1

tinent for nearly a half-century.

Kohl departs with the stature of a great

sought by his peers around the world, from President Bill Clinton, with whom he devoured gargantuan plates of pasta, to his "sauna buddy" President Boris On Oct. 3, 1990, Mr. Kohl savored his

finest hour as he stood on the ramparts of Berlin's Reichstag and hailed the absorption of Berlin and the five Eastern states into the Federal Republic of Ger-

ing standards would be raised to Western levels. And he reassured Germany's neighbors that he would pursue the goal of "one Europe, whole and free" with renewed zeal.

stroyed many jobs, making much of Eastern Germany dependent on welfare and perpetuating "the wall in people's minds" that divides Germany today. in their era. I want to stand for con-

his supporters. He also remained insensitive to Germany's growing multicultural profile, failing to speak out forcibly against work on an alliance for employment and education.

To the people in Eastern Germany, I promise to do everything, and I mean when some Turkish children perished during the firebombings that stunned Germany several years ago, Mr. Kohl refused to attend the funeral, saying he did not want to indulge in "graveyard

do so in the future. Mr. Kohl became chancellor in 1982

pocketed political IOUs in the best tradition of cunning party bosses. He lacked the eloquence of great orators and never learned a foreign language, but. those who mocked him as a bumbling provincial buffoon lived to regret it.

"He was a relentless climber," said. Patricia Clough, Mr. Kohl's biographer. "He realized that real power lay in gathering the strongest possible support within his own party.

Mr. Kohl shrewdly stepped aside in 1980 to allow Franz-Josef Strauss, his Bavarian rival, to run unsuccessfully, against the Social Democratic chancellor, Helmut Schmidt. But two years, later, at age 52, Mr. Kohl seized his opportunity when the Free Democrats, the junior partner in Mr. Schmidt's coalition, broke with the Social Democrats and accepted his offer to form a new governing majority with the Christian

emocrats. The backroom deal that brought Mr. Kohl to power was a masterpiece of political guile. But Mr. Kohl lacked Mr. Schmidt's reputation for wise leadership and many of Germany's neighbors and. allies, including the United States, were uncertain about what direction he would

take Europe's most pivotal country.

Mr. Kohl surpassed all of their expectations. Despite rising East-West tensions in the early 1980s over the planned deployment of medium-range nuclear missiles in Germany, he did not flinch in demise. He flouted the advice of fi- Pershing missiles in his country. As Fornancial managers by offering to give eign Minister Hans-Dietrich Genscher, struggled in vain to find a compromise deal, Mr. Kohl insisted the American missiles would be deployed on Germanterritory in order to counter the buildup-

The backroom deal that brought Mr. Kohl to power was a masterpiece of political guile.

of SS-20 rockets by the Soviet Union. His courage in standing up to the protesters bolstered his stature among other leaders, notably Presidents Ronald Reagan and Francois Mitterrand. The French Socialist cultivated a close rap. port with the German conservative, believing the Paris-Bonn connection was. vital to promote the cause of European, unity. Mr. Kohl was wary about Mr. Mitterrand's overtures at first, but the two leaders bonded as they clasped hands at a Verdun memorial ceremony in 1984 in a moving symbol of recon. ciliation between France and Germany.

A year later, still enraptured by the

image he projected with Mr. Mitterrand at Verdun, Mr. Kohl proposed to stage a similar ceremony with Mr. Reagan at the German war cemetery in Bitburg. The attempt to make another grand gesture. between two close allies turned into a public relations disaster when it was discovered that the cemetery contained graves of dozens of SS officers who were implicated in war crimes.

When Mikhail Gorbachev rose to power in the Kremlin, Mr. Kohl was highly suspicious of his promises to begin far-reaching reforms in the Soviet Union and its relations with the West.

But when the Berlin Wall began to crumble in 1989, Mr. Kohl grasped what had been, for him, the unimagined possibility of bringing the two Germanystogether in his lifetime.

Bush stood squarely behind the change cellor, saying he warranted "our personal trust.

Gratified by Washington's support, member of the Hitler Youth when the Mr. Kohl pressed ahead with what he saw as the inevitable drive toward Ger man reunification.

He flew to Moscow and cut a remarkably swift deal with Mr. Gorbachev. The Soviet leader agreed to let the two Germanys settle their own fate, while Mr. Kohl promised that his government would foot the bill to repatriate all Soviet forces from East Ger-

On the return flight home, Mr. Kohl could scarcely suppress his emotions, according to close aides.

He raised a glass of Champagne with his staff and offered a toast that would? Throughout his career, Mr. Kohl cultivated grass-roots connections and "To one Germany, in one Europe."

CLINTON: Democrats Sharpen Their Attack on President's Foes

the next party congress.

Continued from Page 1

concerns about Mr. Clinton's credibility, she said Sunday, had been surpassed by a growing fear that the House Judiciary Committee, which is expected to seek authorization next week for a formal impeachment hearing, was treating Mr. Clinton unfairly. "The release of what's going to be thousands of pages of documents this week is just plain

wrong," she said. The committee voted Friday to release tens of thousands of pages of documents from the Start report, along with edited tapes of the phone conversations hard line on the matter to mobilize their Ms. Lewinsky had with Linda Tripp, her onetime friend.

James Carville, the political consultant who is a fierce Clinton loyalist, was among the Democrats sharpening his criticism over the weekend. He said that Republican attacks on the president had been "under the orchestration, the supervision" of Newt Gingrich, speaker of the House, and called the Georgia Republican a "confessed liar." His reference was to the reprimand Mr. Gingrich received from the House in an

ethics investigation. Representative Tom DeLay of Texas, the Republican whip in the House, took sharp exception to those remarks. He in Congress would make it easier to predicted that the Judiciary Committee would vote next week to bring to the full the House, and a possible trial in the occupied by the threat of impeachment. received assurances that he could raise the House a resolution calling for an im
Senate, it could also open Republicans to

If Mrs. Jones dropped the appeal of money necessary to resolve the suit.

peachment inquiry. And he dismissed charges of purely partisan motivation suggestions that opinion polls show that the majority of Americans have no stombasis," Senator John Kerry, Democrat of suggestions that opinion polls show that the majority of Americans have no stomach for such a move. That doesn't bother us a bit," he

said. "We think that the only poll is Election Day, and the American people will reward us for doing what is right." Members of Congress on both sides appear increasingly aware that the Lew-insky matter could have a decisive im-

pact not only on Mr. Clinton's fate but on their own as well. In a political battle for voter turnout, some Republicans appear to be taking a core constituents; Democrats appear in- to marshal a public backlash might tent to use public resentment against

Republicans for their handling of the Starr report to mobilize their own voters and independents. The Democratic national chairman, Steve Grossman, said at a conference of the Democratic National Committee on

Friday, "The American people know venality and mean-spiritedness when they see it."

middle of a second presidential term the only question being how great. While a greater Republican majority proceed with impeachment hearings in

Massachusetts, said Sunday. "I think that was the lesson of the Watergate years."

Mr. Clinton himself, moving beyond a period dominated by public apologies, has sharpened his attacks on the Republican-controlled legislature, referring to it as a "do-nothing Congress."

And Hillary Rodham Clinton said that

Congress would "rather spend time diriding our country, diverting our resources, doing anything but focusing on the real problems of America." It was not clear whether the attempts

themselves create resentment. Mr. Kerry, who has been trying to promote a negotiated solution between Clintons' attacks. "I regret that both he

and Hillary took the line they took in the last few days," he said.

Meanwhile, lawyers for Paula Jones her sexual harassment suit, it would be easier for Mr. Clinton to acknowledge Historically, the party that controls against Mr. Clinton with his attorneys, the White House can expect losses in the and said that they were optimistic a deal

could be reached soon.

A settlement, which reports say would to avert impeachment.

be between \$500,000 and \$1 million,

The Washington Post reported Sunday would narrow Mr. Clinton's legal ex-



James Carville, Democratic consultthe president and Congress, decried the ant and Clinton loyalist, had harsh words Sunday for the Republicans.

confirmed Sunday that they were ne-gotiating a settlement of her lawsuit his deposition in the Jones case regarding his relationship with Ms. Lewinsky. That could pave the way to a separate deal with Congress, possibly next year,

that Mr. Clinton had consulted with his posure at a time his attorneys are pre-chief fund-raiser, Terence McAuliffe, and

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INTERNATIONAL

TALEBAN: Desolate and Wary Land

war ruins, misery,

Islamic extremists

and suspicion of

Western visitors.

Continued from Page 1

The assuring sense of anonymity does not last long, however. Not 15 minutes after we climb into a taxi driven by a jovial, chattering man named Habib, we reach the first

Taleban checkpoint. Habib yanks a Muslim skullcap documents, roughly rummages through the glove compartment and

Finally he waves us on with his rifle. As we pull away, we notice a cluster of long black ribbons waving from a utility pole. It is a decoration 50,000 refugees from civil conflict checkpoints along the road.

man was looking for. "Music cas-settes," he explains. "If they find "Look, I am Muslim ev any, they rip them apart right there this country is Muslim by birth. We and hang them from

the poles."
The other passengers are a shoemaker Jalalabad, a city about 80 kilometers ahead, and a doctor visiting his family in a village along

the way. Their responses to questions about the Tale- are wrong. They have brought ban are much like those we will hear something else, and they are imfrom many ordinary Afghans, at plementing it by force.'

people are happy. Islamic law is so beautiful. There is no more corruption.'

The doctor says he was once a soldier in the holy war against Sohad to walk hundreds of kilometers, there were no beds and little food, but we were glad to do it for Islam,' he said. "And now, praise Allah, we finally have an Islamic state."

The Taleban — a bome-grown religious militia that seized Afghanistan's capital, Kabul, two years ago this week — has vowed to create a pure Islamic society free from crime, vice and Western influence.

After years of civil war, many Afghans welcomed them and the sense of order they brought to the country. But for many middle-class Afghans — teachers who are no longer allowed to teach, doctors who have no place to practice medicine, women who never wore a veil and men who never grew a beard the Taleban's harsh restrictions have begun to chafe, especially since economic and social conditions also have continued to dete-

Even some devout Muslims who

Continued from Page 1

sensed that his younger rival was

about to try to push him out and

expose what they termed corruption

groups - known as the Coalition

for People's Democracy and the

People's Justice Movement -

brings together some disparate bodies, from Islamicists to environmen-

talists, from old-time socialists to

Many of the leaders of the co-

alitions are veterans of Malaysian

prisons, having been detained in the

past under the same Internal Se-

curity Act that Mr. Mahathir used to

In a country where open criticism

of the government has been largely

subdued - and usually dealt with

harshly --- the rallies Sunday were

all the more remarkable as activists

openly denounced the government

women's rights advocates.

jail Mr. Anwar last week.

in the ruling clique.

والمراجع والرار

tending school, or confide that they are in desperate need and feel aban-

doned by the authorities. At dusk we reach Jalalabad, where the physician and the shoemaker bid a polite farewell. Habib, taking a deep breath, turns and asks if we would "like to meet some other people." Soon we are entering onto his head as a stern young man a refugee camp at the edge of town. in a black turban approaches us, an a maze of mud huts where ragged assault rifle across his shoulder. He children swarm around the car. peers at our faces, examines our Many have sores on their faces and

In a small, cave-like room, a gaunt young doctor named Abdul sits at a table with his only equipwe are to see at dozens of Taleban zones in the camp, that many have We ask Habib what the turbaned children have malaria, but few fam-

"Look, I am Muslim. everyone in go to the mosque because we want A desolate land of

to," said Abdul, whose daughter is being taught secretly by a woman in her home. "If people think the Taleban have

brought Islam to

As we drive toward Kabul the "They have brought us peace and next day, the desert begins and the security," said the cobbler. "The highway becomes increasingly next day, the desert begins and the pockmarked with craters. Onelegged beggars, maimed by land mines, stand by the roadside with arms outstretched.

The entry to the capital is another viet occupation in the 1980s. "We checkpoint festooned with black ribbons. As ordered, we report directly to the Foreign Ministry, where an official ticks off a list of rules for foreign journalists: no photographs of people, no interviews with women, no visits to private homes. We must stay in a government-run hotel and be accompanied at all times by a government driver and interpreter. The total cost for their services is about \$100 per day, payable only in dollars and in cash.

Even at midday, the city seems oddly silent. There is little traffic; teams of donkeys or men strain to pull heavily laden carts. There is a 10 P.M. curfew, but by nightfall almost every shop will be shuttered, every street empty except for Taleban police pickup trucks.

The hotel is a haunted 500-room hilltop palace in which we are the only guests. Once it was the city's social center. Now the carpet and jewelry boutiques are long closed, the grand salons locked. The "staff

Mahathir to go.

years in power.

The introduction of the two member of both new coalitions.

daughters are prohibited from at- and to confess certain surreptitious A young woman named Suhaila, neering that could be traveled in five

"The prime minister should vol-

untarily resign," said Syed Husin

Ali, a leader of the small opposition

Malaysian People's Party and a

there is concentration of power and

abuse of draconian laws?" he asked,

The two coalitions said they were

Several of the activists said they

felt emboldened to speak out now,

after years of relative silence, in part

by the dramatic change in neigh-

boring Indonesia, where protest led

to the overthrow this year of Pres-

ident Suharto after more than 30

pears to be reaching Malaysia, one

Also, they said, Southeast Asia is

adding, "There should be mos space for democracy and justice."

cooperating with each other.

"Do we want a society where

"There should be more



Troops marching in Tehran. Iran has been taking a bellicose stance toward Afghanistan and an ambiguous one on the death threat against Salman Rushdie, author of "The Satanic Verses."

Rushdie Edict Stands, Iran Says

Government Seems to Backpedal After Agreement With Britain

Contribut by Our Staff From Disputcher

TEHRAN - The death edict against Salman Rushdie cannot be "insulting remarks" will increase the hatred of Muslims toward him, a spokesman for the Foreign Ministry of Iran said Sunday.

The statement, and comments in remarks. Iranian newspapers Sunday, left many in Iran debating whether anything had really changed, despite the Foreign Ministry's statement last week divorcing itself from the death threat.

The Foreign Ministry spokesreportedly likely to be named Iran's ambassador to Britain. The two countries agreed last week to carry out the 1989 fatwa, or religious decree, against Mr. Rushdie for blasphemy against Islam in his book "The Satanic Verses."

But Tehran radio quoted the spokesman on Sunday as saying the irrevocability of the edict against Mr. Rushdie "is a fact."

deviations from the official line.

while Foreign Secretary Robin Cook of Britain explicitly anrevoked, and the British author's nounced on Thursday that the British government and the European Union did not support insults cution of the edict," it added. against religious sanctities, Mr. Rushdie continued his 'insulting

> The commentary did not specify which remarks were considered insulting. Mr. Rushdie said at a news conference in London on Friday that he did not regret writing The Satanic Verses.

Meanwhile, Kayhan, an influman, Mahmoud Mohammadi, is ential conservative daily in Iran, called on the government to carry out the fatwa. "It is evident that they should not and cannot give the an editorial.

> Another conservative newspaper, Jomhuri Eslami, said Sunday that the edict, which was issued by Ayatollah Ruhollah Khomeini, the spiritual leader of the Iranian rev-

He said it was surprising that nothing had changed to Mr. Rush-hile Foreign Secretary Robin die's benefit.

"Maybe the optimism of Rushdie and his supporters would pave the way and accelerate the exe-

The Iran News, a moderate daily close to the Foreign Ministry, said there was nothing new in Foreign Minister Kamal Kharrazi's statements last week. It pointed out that the government's position has for several years been not to seek Mr. Rushdie's death. (Reuters, AP)

■ British Airways Keeps Ban

British Airways says it will not permit Mr. Rushdie to fly on its planes, despite Iran's statements last week that it would no longer upgrade diplomatic relations after least guarantee on preventing the actively pursue its death sentence, execution of this edict." it said in The New York Times reported from London.

"While we have every sympathy with Rushdie's difficulties with overseas travel," said Bruce Tobin, a spokesman for the airline. our ultimate responsibility is the olution, shortly before he died in safety of our passengers and 1989, was still effective and that staff."

hours, is now an obstacle course that

the most seasoned Afghan truckers

the depth of Afghanistan's econom-

ic exhaustion and despair sinks in. In

Late at night, grimy and bleary-

comes easy to understand why.

To a large extent, the city's more

long ago, across the border with

It is on this part of the journey that

can barely navigate in 22 hours.

The Lesotho Caper: **South Africa Errs**

Debacle Leaves Kingdom in Ruins

By Suzanne Daley New York Times Service

JOHANNESBURG - Probably the biggest blunder South Africa made in invading the tiny kingdom of Lesotho last week was a military one: sending fewer than half the soldiers it ultimately needed. But it is hard to say — the list of blunders is so long.

Over the weekend, a measure of calm had been returned to

Lesotho's capital, Maseru, and the fighting in the nearby hills appeared to be over. But it was clear that what South Africa

had planned as a quick and easy military operation to end political turmoil in Lesotho had gone terribly wrong.

More than 60 people were dead. Central Maseru had been turned into rubble by looting and burning. And anger against South Africa was so strong that white foreigners could no longer walk safely in the streets. Looting had apparently spread to the more remote regions of this mountainous country; refugees were streaming out, and there were reports of

food shortages.

Nor was there any progress in resolving the political struggles that had led to the invasion in the first place, raising the specter of South Africa

as a long-term occupying force. The size of the blunder was being assessed all over South Africa as opposition parties questioned whether President Nelson Mandela's government even had the legal right to invade Lesotho — a country with breathtaking vistas and devastating poverty that is entirely surrounded by South

But there was widespread agreement that a move intended to quell Lesotho's internal political struggles had instead created large-scale economic and diplomatic problems that were going to cost South Africa millions and take years to repair.

"They thought they were being preemptive." said James Higgs, director of research for the South Africa-based Institute of International Affairs, "moving in before they had a big refugee problem, an exodus that South Africa would have to deal with. But what happened was almost the reverse of what they intended to do. They destroyed the trading community. They now have a long-term problem, and it is going to be very expensive for South Africa to repair.

South African officials said they sent troops to Lesotho last Tuesday at the invitation of its prime minister, Pakalitha Mosisili, who said the country was on the verge of a coup. Clearly, Mr. Mosisili was not in control of the Lesotho Army. Only a few days before, the rank and file had forced several senior officers to step down. And anti-government protesters
— who maintained that recent elections giving Mr. Mosisili's party 79 of 80 seats in Parliament had been rigged — had clogged the streets of Maseru and brought government to a

Military analysts say that South Africa grossly miscalculated the resistance it would face from Lesotho's 2,000 soldiers.

"It was as if they said to themselves: 'It's Lesotho. It's a cakewalk,' "said Jakkie Cilliers, head of the Johannesburg-based Institute for Security Studies.

Initially, South Africa and only 600 coldiers in approach Initially, South Africa sent only 600 soldiers in armored vehicles, ordering them not to use any weapons that would

destroy property. The Lesotho soldiers, hunkered down in their barracks and hidden in their homes, ambushed the South African force, mostly with small-arms fire. Though far better equipped, the South Africans were

hampered by the orders not to use their firepower. On the first day, 30 people were reported killed, including nine South African soldiers. As the South Africans concentrated on the Lesotho soldiers,

the business district of Maseru was left unguarded. The South Africans had apparently counted on the Lesotho police, still loyal to the government, to patrol that area. But instead, having uming of the retreated. Only on Thursday, with help from 200 Botswanan troops,

was some order restored in Maseru. By then little was left

While this is devastating to Lesotho's feeble economy, many of the businesses are actually South Africanowned or built with South African loans, so that ultimately the bill for rebuilding the businesses will most likely be

eyed, we reach the city of Kandahar. paid by South Africans. To our astonishment, the bazaars are But for the moment, South Africans are a deeply teeming with customers, bright with lantern light and bursting with prohated occupying force. On duce. Melons and pomegranates are Friday, they imposed a 6-P.M.-to-6 A.M. curfew and neatly piled, lamb carcasses swing from ropes, flats of just-baked roti began the difficult process of trying to trace and re-Compared with the paranoia and claim weapons that had been handed out to civilians ghostliness of Kabul, the first impression of Kandahar is one of freeunder siege. They have not wheeling, relaxed urbanity. The im-

pression is dead wrong. ment and the opp Kandahar is the birthplace and sit down to talks. ment and the opposition to headquarters of the Taleban move-Mr. Mandela has rejected ment, and within two days it beall criticism of the invasion,

managed to get the govern-

calling it ignorance. "It doesn't matter how modern and educated residents fled much criticism we have," he said. "If we are convinced Pakistan, where we, too, were very about what we are doing, happy to arrive.

about what we are doing, that's enough."

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conscientiously follow Islamic law members" follow our every move, are spooked by the Taleban's to- lingering outside our rooms and surtalitarian means of enforcing it. prising us around corners.

Once they feel comfortable with a Despite the presence of foreigner, they bring out their hid-ernment interpreter, a number of en's ward, patients and staff memden Hindi music tapes or shortwave Afghans are willing to express their bers remove their veils upon en-

radios, complain bitterly that their frustrations with Taleban rule - tering, with evident relief.

as corrupt and bluntly called on Mr. of the few nations in the region still

The only opportunity to speak said she was an elementary school with women comes at a hospital run teacher before the Taleban came, by the International Committee of and misses it very much. "Now we the Red Cross, where war-disabled have only my husband's income, workers make thousands of artificial and I am forgetting a lot of my limbs for mine victims and other lessons," she said. "People without

"It's really a new conscious-

Mr. Noor, at the evening rally,

spoke of "a new culture" for

"He is really getting worried, get-ting paranoid," the Democratic Ac-

tion Party member said of Mr. Ma-

hathir. "You see people of different

religions and races coming together.

We have never seen this before. This

ness," said a women's group ac-

tivist, Irene Fernandez, "and a re-

jection of the system."

is a new culture for us."

Malaysians.

waiting for her nephew to be treated,

The 500-kilometer highway leadhind cattle with wooden blades, ing south from Kabul to Kandahar, stand by the highway smoothing once a model of American engi-

villages along the way, people draw

holes with a shovel and hoping travelers will pay them a few cents.

It is also along this tortuous stretch of road that the Afghan tradition of hospitality seems most MALAYSIA: Opposition Joins Forces and Draws Tens of Thousands to Rally poignant. At every stop to wash off the dust, people invariably offer - a group that spearheaded the cups of tea and dishes of sweets. At ruled by an old-style paternalistic street protests in Indonesia — have a cafe in the town of Kalat, the owner refuses to let us pay.

> rarely reports anything of the current crisis except the government line. Mr. Mahathir and his top officials have repeatedly accused foreign

'He will die with his boots on."

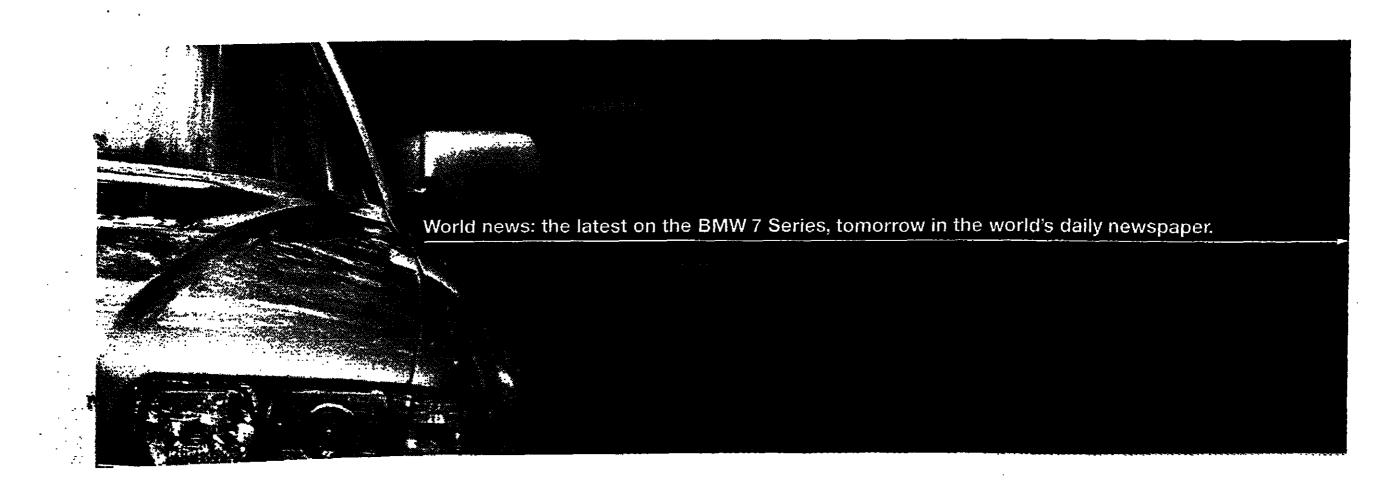
Mr. Syed Husin said. "The struggle to protect democracy will be dif-ficult and a long one."

No one here was predicting that the process of political reform in Malaysia would be swift or easy. and many pointed out differences between the authoritarian system bere and the military-dominated undergoing a dramatic democratic dictatorship that Mr. Suharto transformation that only now appresided over. For one thing, they said, so far in Malaysia the students jority in the legislature.

yet to be galvanized. Also in contrast to Indonesia, which allowed space for political discussion in the local media, here the press is strictly controlled by the government and

media of exaggerating the current bread are spread out invitingly.

Some were suggesting that while even the mounting pressure might not be enough to get Mr. Mahathir to quit as his friend Mr. Suharto did, they were hoping to make enough gains in the next parliamentary elections to deny his ruling United Malays National Organization a ma-



India and Pakistan

Statements by Pakistan and India's leaders that they would sign the global test ban treaty indicate a welcome recognition of the dangers posed by their nuclear tests of last May. Neither country shows interest in rolling back the boost that their tests gave to their nuclear capability, but both are considering some of the restraints that make up the international nonproliferation rules. These restraints include not only a disavowal of further tests but also restrictions on building and deploying ballistic missiles, controls on exports of nuclear technology and curbs on production of fissile materials.

The international economic sanctions triggered by their tests surely had something to do with their decisions especially the more dependent Pakistan's — to accept the discipline of the test ban treaty. They also seem to have been influenced, after the mutual na-tionalistic excitement of the tests, by a growing awareness of the uncertainties, costs and risks of a regional nuclear buildup. And the two leaders, Nawaz Sharif and Atal Bihari Vajpayee, were prepared to take the unavoidable political risks.

India ignited this South Asian storm when its new Hindu nationalist govemment casually decided to accelerate a nuclear program that wiser heads had left in a lower gear for years. As the weaker party, Pakistan felt it had no political and geopolitical choice but to follow suit. Perhaps a kind of quiet mutual deterrence can now be consolidated. It will take hard work on a broad front, especially to calm inflamed Kashmir, an Indian Muslim state denied political choice by India and subjected to guerrilla and terrorist resistance by local forces supported by Pakistan. The two leaders, at the United Nations, agreed to resume talks on the Kashmir flash point soon.

The Clinton administration's diplomacy, carried forward in shuttle talks by the State Department's Strobe Talbott, has lubricated the rusty wheels of Indo-Pakistani compromise. Yet the comprehensive test ban treaty, the centerpiece of global nonproliferation policy, goes unratified in the U.S. Senate. Washington cannot be a fully resounding voice for others' accession to a treaty that it stiff-arms itself.

-THE WASHINGTON POST

Clinton Needs a Deal

Encouraged by public impatience cifically either the initiation of im-with the Monica Lewinsky case, some of Bill Clinton's aides have devised a political battle plan which they believe can save his presidency. It is essentially the same strategy the White House used in earlier confrontations with the Republican majority in Congress, namely, paint the opposition as parochial, partisan and indifferent to the national interest.

These tactics have worked in budget and policy conflicts. But when they are transferred to the legal arena by hatchet-swingers like James Carville, Lanny Davis and the White House lawyers, such attacks have steadily weakened personal respect for President Clinton, his grip on his office and his negotiating options.

We do not expect Mr. Clinton's scorched-earth advisers to quit calling artillery fire into their own position. But Mr. Clinton and the wiser counselors who are trying to get his ear may still turn to a more productive approach. They want a settlement in which he remains in office, accepts a strong congressional reprimand and gives up the untenable assertion that he did not lie under oath before the federal grand jury and in the Paula Jones civil suit. which Mr. Clinton is now belatedly trying to settle.

The New York Times editorial page has outlined such a resolution before and we continue to see it as a poientially just outcome, it was neartening to see the White House entertain a similar approach last week, but the overture was blunted when Mr. Clinton and Hillary Rodham Clinton assailed the Republicans in stridently partisan appearances that did not help his cause in Congress.

It is not surprising that the Clinton camp sees assaults on Newt Gingrich as the president's salvation. Almost every time the White House has faced off with congressional Republicans, Mr. Gingrich has led his followers to disadvantage or defeat by yielding the political high ground to Mr. Clinton. Memories of his searing defeat in the government shutdown and the polls showing that a majority of Americans would like to see a quick resolution to the House Judiciary Committee deliberations may cause Mr. Gingrich to overrule Representative Henry Hyde on extending the process until the end

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of the year. But, try as it might, the White House cannot turn the Lewinsky case into a referendum on Mr. Gingrich. The duly constituted machinery of American government has brought before the House credible evidence that may be grounds for impeachment. The duty of the House is to review that evidence. But that process does not have to inhibit serious negotiations between congressional leaders and White House representatives who are willing to forswear self-defeating attacks on people who are rightly appalled by Mr. Clinton's behavior.

Many Americans are weary of the case, disturbed by Kenneth Starr's microscopic examination of Mr. Clinton's sexual activities and anxious to see Washington deal with pressing domestic and foreign policy matters. Even so, a majority still believe that some further action is required, spepriate White House response in such circumstances is to find negotiators who can put Mr. Clinton in a position where he can fairly argue that sanction short of impeachment and removal from office is plausible and equitable.

That requires not just remorse and repentance, but a willingness to acknowledge that he lied under oath. Standing above the law is not legally, constitutionally or politically viable. Just as Mr. Clinton has in recent weeks set aside his belligerence about other facets of the Lewinsky case, he must sooner or later drop the legal and linguistic acrobatics about whether he had exual relations with Ms. Lewinsky.

Only then can Congress and the White House engage in serious discussions about a settlement that might include censure instead of impeachment, and the appearance of Mr. Clinton before the House to address his misconduct. As part of such a deal, the Congress could inoculate Mr. Clinton against criminal indictment when he leaves office in 2001.

Some of Mr. Clinton's friends, like former White House counsels Lloyd Cutler and Abner Mikva, see the attraction of such a settlement, and cooler heads at the White House seem to agree. To achieve that goal they will have to restrain those who think that SI ANOUNET DOUNCAL DANUE TO DE directed from a war room whose outmoded tactics have become a danger to the president.

-THE NEW YORK TIMES.

Other Comment Clinton on Clinton

President Bill Clinton, in an interview conducted by Trude B. Feldman: You know, some people say to me: "I feel so terrible for you. It's so awful what has been publicized to the whole country, the whole world." Believe it or not, and I know it's hard for people nomic change, and to do so free to believe, that has not bothered me very much because of the opportunity

I've had to seek spiritual counseling and advice and to think through this and to try to focus much more on how I can properly atone, how I can be forgiven, and then how I can go back to healing with my family. ... I think any time a person has to go

through a searing personal experience and come to terms with truth, and genuinely atone, and genuinely make the effort to change, that's an immensely liberating experience. It makes you stronger. It makes you straighter. And I think that if people can see that in me, my ability to be president and to do things that are good for the American people will be

strengthened, not undermined. ... And I also believe the American people will be more likely to support me because every American has been broken by something in life. ... So I think there will be a real sense that ... we can make a clean breast of this and have a new burst of energy as a country. ... The good news is that if you acknowledge your errors, and you change, you can go forward free again. The Washington Post.

Herald Cribune

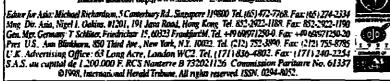
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Time for a Grand Bargain to Reschedule Debt

NEW YORK — The global finan-cial storm that devastated Asia and Russia now sits off the coast of Latin America, where it suddenly threatens to inflict significant damage on U.S. prosperity and end the extended boom

of the Clinton years.
Historians will be intrigued, after the storm's passage, to analyze exactly how the fate of equity and bond mar-kets in the world's only remaining superpower came to ride even briefly on Brazil's election-year defense of its currency, the real.

They will find a trail of missed opportunities, flawed international cooperation and human greed that produced this unlikely vulnerability in America's financial armor, long after warning signs went up in Asia.

Decision-makers along Wall Street

do not have the luxury of such retrospection. They are now looking at a severe credit crunch as part of the fallout of 14 months of turmoil in global markets that had until now spared the United States.

The huge cloud they see forming over the American economy may yet turn out to have an international silver lining, though.

Investment capital has evaporated for deals that contain risk. "For the first time in my professional life I hear se-rious people worrying about the survival of their banks," said the managing di-rector of one of New York's most successful investment firms in mid-September. "Fortunately, they are not doing

By Jim Hoagland

this worrying in public and spooking everybody. But the concern is there."

Turn a moment from the Lewinsky scandal, the most overtold story of our time, to the most important undertold story of the day: the growing concern by many investors, bankers and regulators about the health of the world's private and official financial institutions.

Those who know the most about it say the least, to avoid sparking panic. But the story is gradually emerging, as governments finally try to deal with the still spreading crisis of confidence, and as details surface of the near collapse last week of Long-Term Capital Management, a major Wall Street hedge fund that invested heavily abroad in the El Dorados of globalization.

At about the time Federal Reserve Chairman Alan Greenspan was hinting to a Senate committee on Wednesday that he would push this week for a cut in interest rates, the New York Fed was organizing a consortium of two dozen of the world's largest banks to pony up a rescue infusion of \$3.5 billion to Long-Term Capital, which invested \$100 billion around the globe. The relationship of these developments was indirect, but clear and significant.

Historically, Mr. Greenspan's con-cerns have not been focused on short-

cently has kept interest rates high to belp balance sheets in those institutions stay healthy as well as to fight inflation.

A reduction of interest rates by the Fed now should be seen as a move to ease severe liquidity and confidence problems that are suddenly hammering U.S. investment banks, not as a move driven primarily by the needs of the stock market or of manufacturers hit by declining Asian exports. And, as the perils of Long-Term Capital suggest, the

Fed is moving not a moment too soon. In Indonesia, South Korea and Russia, it was Japanese, French and German banks that came to grief with loans and investments that were flattened by fi-nancial collapse. U.S. exposure was slight, and the Wall Street party roared on. But U.S. investment and commercial banks are at significant risk in Brazil and elsewhere in Latin America.

Bankers estimate that Brazil's government, desperate not to take austerity measures until it gets past national elections next Sunday, has been spending up to \$1 billion a day in recent weeks to stabilize the real and keep Brazilian and foreign investors from stampeding. A meltdown in Brazil would shake the global system and torch Wall Street.

The collapse in Russia showed in detail that the world's financial upbeaval is essentially a banking crisis. term stock prices or on one year's Investor confidence has been dimingrowth rate. His driving concern is the long-term stability of U.S. banks and banks and governments in the crisis Investor confidence has been diminished globally by the inability of private

other financial institutions. The Fed re-cently has kept interest rates high to belp bonds and meet their other obligations. This is where the cloud's silver lining may eventually lie.

American, European and Japanese banks stand on both the cause and the effect side of the ledger. Their loans and investments helped create a crisis that now prevents them from getting repaid. It is a moment for the world's bankers, their regulators and political leaders to think big: to think of a coordinated global rescheduling of government and private debt that would include writing down some imperiled loans and investments in the crisis countries.

Russia, Indonesia, South Korea and the others must reciprocate in this grand bargain to clear the books by encouraging equity-for-debt swaps and by opening their banking systems to foreign competition, investment and surveillance.

Trying to mount a grand bargain in a moment of uncertainty is admittedly an ambitted uncertainty is admittedly an ambitted and doctors and ness and destructive power of the still blowing global financial storm mandate boldness and comprehensiveness. A vision that can help restore a sense of fairness and purpose to the spread of global markets is needed, even if it confronts obvious and difficult obstacles.

The now clear dangers of pursuing business as usual provide significant leverage for change in an international financial system that is rapidly becoming, to put it bluntly, scary.

Economic Crisis in China as the Reform Effort Stalls

S HANGHAI — China is undoubtedly a more politically and economically liberal place than five years ago, but now it is stalled on its road to greater market liberalization.

It has made impressive progress, creating more than 30 million private businesses and \$208 billion worth of shareholding companies since 1979. And the decentralization of economic decision-making empowers local entrepreneurs. But the 20 years of reform makes it both harder and more dangerous to stop, even if Asia's economic crisis is giving Chinese leaders second thoughts about the virtues of capitalism.

China's current economic woes are a lethal mix of a Japan-like bubble and a Russia-like rusting state sector. GDP growth is officially put at an annual rate of 7 percent, after adjustment for inflation, but it is falling, and Chinese officials privately admit that the economy is effectively in recession.

new entrants to the labor mar-ket. A further 4 percent of GDP is accounted for by unsalable products of state-owned industries. China is not a haven of economic prosperity in the re-

gional storm. In fact, it has a banking system on the verge of bankruptcy. A best-selling book in China by He Qinglian suggests that some 60 percent of bank loans are nonperforming. Half the person-al savings of Chinese has been lost by banks in unrecoverable loans to state-owned firms.

In what Mr. He calls "marketization of power," a small elite is siphoning off so much domestic and foreign capital that since 1992 China has exported more funds than it has imported. No wonder it announced new controls on the export of foreign currency on Aug. 20.

The deflationary pressures are enormous. Inventories rot-

By Gerald Segal is necessary simply to absorb \$360 billion. Some 70 percent of new real estate is empty; the Pudong district of Shanghai has both the world's largest office tower and the biggest vacancy rate. Industry is running at only half of capacity. Price deflation reached 3 percent in August and

gathers pace. As Mr. He explains, with the disparity between rich and poor eater in China than in the United States since 1994, there are far fewer people with a stake in the current partial capitalist system as China enters a time of

dangerous crisis. Hence the official call in mid-September for a fiscal stimulus to the 70 percent of Chinese who live in the rural economy and have been neglected in the last 10 years of reform.

The fact that such devastating economic data are freely available is testimony both to the more open political environment and to the extent to

trying to distance himself from the economic policies attributed

to Deng Xiaoping.

Mr. Jiang has tried several new strategies, most notably the much ballyhooed spring reforms by Prime Minister Zhu Rongii. But Mr. Zhu's attempt to slash the government bureaucracy by half has been headed off by powerful vested interests and those worried about rising unemployment and social un-

rest in a deflating economy.

The sell-off and restructuring of state firms has been halted. Far from cutting bank lending to the state sector, the order went out in July to increase spending, thereby worsening the banking crisis. The announced sell-off of government-owned housing has been suspended; so have plans to lib-

eralize grain sales. Mr. Zhu's failures have led Mr. Jiang to try another way to de-marketize power by selling off the moneymaking enterprises of the armed forces. This,

It is heartening that China's leadership seems to know what must be done to eliminate these systemic problems, but the failures in Japan and Russia to tackle their versions of similar crises are evidence that good intentions are not enough.

When observers worried that China's post-Deng leadership was weak, it was not so much that they doubted that Mr. Jiang could consolidate his Communist Party position against rivals, but rather that he might not have the power and authority to undertake difficult reforms.

China is in no state to be a serious threat to the outside world economically, militarily or in any other way. In fact, a China that loses its reforming nerve is merely a threat to itself.

The writer is director of studies at the International Institute for Strategic Studies in London and director of the Britain's Pacific Asia Program. He contributed this comment to the In-

A 'Third Way' to Achieve Modern Social Democracy

L ONDON — The Third Way is the route to renewal and success for modern social democracy. It is not simply a compromise between left and right. It seeks to take the essential values of the center and centerleft and apply them to a world of fundamental social and eco-

from outdated ideology.

The challenge we face is formidable — global markets, continued poverty and social exclusion, rising crime, family breakdown, the changing role

us into this brave new world.

The writer is the British prime minister. of women, a revolution in tech- ter-left's traditional values of

By Tony Blair

nology and the world of work, popular hostility to politics and demands for deeper democratic reform, and a host of environmental and security issues requiring international action. People seek leadership. They

want to know how to adapt and prosper, how to build stability and security in this changing world. They embrace the cen-

Scandal All the Time

By Frank Rich

NEW YORK — There are many members of the House Judiciary Committee, and by the time they get through all the Linda Tripp tapes we may know all there is to know about their sex lives. The committee's chairman, Henry Hyde, is just

Kenneth Starr, by spending \$40 million to make the world safe for Peeping Toms, and Bill Clinton, by so loutishly giving

him so much to peep at, have merely poured gasoline on bonfires that smoldered throughout the decade since the

travails of Gary Hart, Anita Hill and Clarence Thomas ushered

Throw in the concurrent expansion of the tabloid press,

especially in the ballooning electronic media, and the com-

petitive rush to the bottom, and we have reached the nadir

where a commentator on MSNBC took pains last week to

share with us the checkered marital histories of the Clinton

allies Vaclay Havel and Nelson Mandela. Were Mr. Clinton to

As William Bennett, America's self-appointed morals czar,

warned in February: "Notice to Republican candidates: If you committed adultary, I don't think you are going to get the

nomination." (And he did not bestow absolution on those with

distant messy divorce histories: "If Gingrich did what Gin-

running in part on the purity of their marriages. A congressional candidate in Illinois has challenged his opponent to

ioin him in releasing a signed affidavit denying any hetero-or

In a country where the video porn business is bigger than

Major League Baseball and Broadway combined, this should

not be a shock. But the question is whether anyone's sex life is

In the journalistic profession, there has been some sensible

reflection of late on self-policing guidelines that might stop the non-tabloid press from chasing the latest Drudge sludge. But in the cutthroat race of the nonstop news cycle, these rules

are no sooner enumerated than they are broken the instant the

next salacious scoop comes along.

The only practical antidote to the madness now may be to let the sexual fever run its course until the media and their

audience overdose on erotic exposé, and the right to privacy,

for politicians no less than for the rest of us, comes back into fashion again. Should Mr. Hyde's impeachment proceedings

hasten that day, the circus may yet be a blessing in disguise.

The New York Times.

Already the likes of Dan Quayle and John Ashcroft are

grich is alleged to have done, that's relevant, too.")

homosexual extramarital high jinks.

relevant to public office.

leave office today, these forces would not abate.

one of three outed congressmen so far this month.

solidarity, social justice, re-sponsibility and opportunity. But they know we must move decisively beyond outdated ways of thinking — beyond an old left preoccupied by state control, high taxation and producers' interests and a new laissez-faire right championing narrow individualism and a belief that free markets are the

answer to every problem. The 20th century left has been dominated by two camps: a fundamentalist left, which saw state control as an end in itself, and a more moderate left, which accepted this essential direction but favored compromise. The Third Way is a serious reappraisal.

It draws vitality from uniting the two great streams of left-ofcenter thought — democratic socialism and liberalism whose divorce in this century did so much to weaken progressive politics across the West.

The old left and the new right continue to take different forms across Europe. There is no single blueprint for the Third Way. But Europe's progressive parties share common values, and all of us are adapting to meet new challenges.

For many years in opposi-tion, the British Labour Party was seen, however unfairly, as the party of big government, nationalization, anti-enterprise. soft on crime, unconcerned with family life, gripped by pressure groups and favoring more tax and public spending across the board.

We were also regarded as poor managers of public services, under the thumb of trade unions and producers' interests and too little concerned with choice and quality. The right was able to turn privatization and free markets into universal

A false opposition was set up between rights and responsibilities, between compassion and ambition, between the public and private sectors, between an enterprise economy and the at-

tack on poverty and exclusion. New Labour has sought to move ahead and apply its values in a different way. In the econo-

my, our approach is neither lais-

sez-faire nor one of state in-

and welfare policies that encourage independence, not dependence; to equip people for work by improving education and infrastructure; and to pro-mote enterprise. We are proud to be supported by business leaders as well as trade unions.

Education is a critical priority. Higher education standards are the key to international competitiveness and an inclusive society for the future. Significant new investment is driving radical school reform, backed by targets and strong intervention in the case of failing schools.

In welfare and employment policy, the Third Way means reforming welfare to make it a pathway into work where possible. It promotes fair standards at work while making work pay by reducing the taxes and pen-alties that discourage work and the creation of jobs.

The Third Way strives for a new balance between rights and duties - not just in welfare but in a tough approach to youth crime and far greater emphasis on the duties of parenthood. A new approach to family support is being forged to meet the

terference. The government's role is to promote macroeconomic stability; to develop tax understand to help families, particularly the most vulnerable, balance work and families, particularly the most vulnerable, balance work and home more effectively.

The Third Way stands for democratic renewal and a restoration of faith in politics; New Labour has devolved power within the United King dom: Northern Ireland has a elected assembly; the first elections to a new Scottish Parlia ment and Welsh Assembly take place next year, and the election of a new mayor of London one of many steps to renewin local government.

Governments in the course of this century have been wel equipped to regulate mone send out benefit checks, buil houses, even fight wars and parties men on the moon. Now the need to learn new skills: to wor in partnership with the private and voluntary sectors; to share responsibility and answer to much more demanding public and to cooperate internationally

in new ways. This is the Third Way. A new alliance between progress and justice. With courage, we car revere our history without live ing in it, and build dynami social democratic societies fo the 21st century.

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Anarchy Rules

PARIS - The "Lokal-Anzeiger" says; "It is instructive to compare the present position of Cuba and the Philippines with the proclamations of philauthropy and humanity which preceded the war. The Cubans are starving because the Americans deprive them of food in order to render them more pliable to the designs of Washington, while in the Philippines the monasteries which formerly governed the country are supporting the rebellion. The state of affairs prevailing on the islands liberated by the Americans resembles the anarchy prevailing on the island in the Mediterranean [Crete] liberated by the Great Powers of Europe."

1923: Bavarian Coup

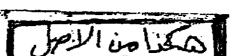
BERLIN — Events are moving fast in Germany. The action of the Bavarian Government in proclaiming martial law and con-

ferring drastic dictatorial power on Herr von Kahr, the forme Bavarian Premier and Nation alist leader, caused grave alam with the consequence that Charl cellor Stresemann decided proclaim martial law throughou all the States of the Reich and place the military chiefs of the Reichswehr in supreme control

1948: Truman Tour

AUSTIN, Tex - Presiden Truman offered an explanation for why he found it necessary stump the country on an interprecedented political tour. The majority of the American pres is "for special interests" and doesn't tell the truth. Mr. Tru man also gibed at the unity not which his Republican opponent has been sounding. The has been sounding. "The don't want unity." Mr. Trum said. "They want surrender do not intend to surrender, and don't believe the American

people are going to.



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HEALTH/SCIENCE



Dr. Carl Safina, a marine ecologist, holding a shark's jaw. "I love the hunt," he said, but "they need a break."

A Drive to Save Endangered Fish

By William J. Broad New York Times Service

EW YORK — At first light off Montauk Point in Long Island, New York, Dr. Carl Safina was edgy, drumming his fingers, glaring at the sea through dark glasses. His boat rolled in the low waves. Sea water sloshed and gurgled through a chum bucket, forming a trail of chopped-up fish and an oily slick behind the boat.

Dr. Safina scanned the horizon and glanced at his fishing rods. Their lines trailed off into the slick. Somewhere below were 3-inch (8-centimeter) steel hooks, which he had set with chunks of bloody fish many hours earlier.

The sea here once boiled with sharks. The fury provided a semifactual basis for "Jaws" and a mythology about sailors and swimmers threatened by fierce predators with razor-sharp teeth. But today the sharks are fewer, and catching one of the killers can frustrate even professionals like Dr. Safina, a marine conservationist who clearly loves the hunt but is haunted by a vision of fishery collapse.

The danger was driven home to him long ago when he overhead a convercatch every last tuna because no one had left him any buffaloes.

Alarmed, Dr. Safina determined to do something about it, and in the process became one of the world's leading exponents of fishery restraint, a potentially lofty stance tempered by his deep enjoyment of the catch.

"Some days it's unbelievable," he said wistfully. "You run into fish wherever you go. Other days, it's like

A dorsal fin appeared and moved back and forth slowly. Another came closer and disappeared. Dr. Safina picked up a rod and began to reel it in. Suddenly the rod bent down and the reel whined.
"I've got one!" he cried.

Eleven minutes later, after a frenzy of tugging and splashing, a blue shark more than 7 feet (2 meters) long darted away from the boat, freed purposefully.

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The newly liberated fish bore a small metal tag stamped with an identifying number: 234474.

Dr. Safina is a seafood lover. His widely praised book, "Song for the Blue Ocean," a survey of global fishery problems based on his travels, is dotted with descriptions of restaurants and sushi bars, and of business done over plates of grouper and giant prawns. He

also admits to liking the taste of shark. But times are changing, he said. Many varieties of sea life have been dangerously thinned by overfishing, the mo-numental bad habit of a global, multibillion-dollar industry ranging from

mom-and-pop boats to factory trawlers.

Sharks are caught in the upheaval, he said. They mature late and bear relatively few young, and scientists fear that whole populations are under fire and might not recover for decades, if ever.

'I love the hunt and know the thrill of the kill," he said, "But I'm not sure we should be doing it. They need a break."

Tagging is another matter. Dr. Safina said the process helps a federal program that tracks the big predators, which turn out to migrate surprisingly far, sometimes thousands of miles.

has succeeded in turning his ideas into action - not only in tagging sharks off Montauk, but in pioneering global fishery conservation measures. Articulate and energetic, he is something of an eco-warrior ready to fight public indifference and lax regulators. His role has already won him many friends and foes. Enemies include commercial fishermen who set long lines that can stretch as far as 60 miles (97 kilometers), as well as those who hunt bluefin tuna, a giant so coveted as seafood that its breeding stocks in some

areas are seriously depleted.

An ecologist, Dr. Safina has worked since 1979 for the National Audubon Society. In 1990 he founded its Living Oceans marine conservation program. He has also taught at Yale, written for Scientific American, testified before Congress, and served on government

fishery panels as well as international bodies. From 1991 to 1994 he served on the Mid-Atlantic Fisheries Management Council of the Department of

Commerce, appointed by the secretary. His victories are impressive. After he formally raised the issue of declining shark populations with the world group that monitors trade in endangered species, it agreed in 1994 to collect data on sharks — the first time it did so for a big-

money fishery.
In 1995 Dr. Safina was a force behind the United Nations agreement to adopt a new global standard by which fishermen on the high seas must err on the side of caution when it comes to questions about how far fish populations have fallen. In 1996 Congress adopted some of his ideas in the sustainable fisheries act, which bans practices in U.S. waters that quickly deplete stocks.

Early this year, he worked with several environmental groups to get swordfish off the menus at top restaurants, including ones in Boston, New York and Washington. Commercial fishermen call such acts extreme, saying catches have already been reduced enough to aid the fish's recovery.

Of late, Dr. Safina has focused on team said that, in the past two decades, populations of large coastal sharks in the Atlantic and Gulf of Mexico had dropped as much as 85 percent and were in danger of declining further unless states in these regions began to enact and enforce protective regulations. Afterward, a number of states said they would review and possibly tighten

In late July he returned to these waters, to an area he had known intimately over the years and had worried about as catches of all kinds of fish had declined.

"I was seeing things in a way I wanted to communicate," Dr. Safina said of his reasons for writing a book. "I wanted lots of people to care, so that things had a chance to change.

"Partly, I wanted people to feel a sense of outrage, to know that the people being paid to guard the hen house are foxes.'

Coming together for the world's best cancer care.

Swallow at Your Own Risk

New U.S. Law Brings Dietary Supplements Under New Scrutiny

By Jane E. Brody New York Times Service

EW YORK - Growing numbers of people are step ping daily into a potential minefield of substances loosely referred to as dietary supplements, many of which have little or nothing to do with the components of foods people normally consume. And increasingly these pill poppers are getting into trouble, suffering toxic reactions to deliberate or accidental components of these products or sacrificing the chance to be helped by conventional medicine.

Last week in six reports published in The New England Journal of Medicine, physicians described such reactions as lead poisoning, impotence, blood clots, abnormal heart rhythms, nausea, vomiting, diarrhea and disorientation from exposure to powerful drugs or toxic contaminants in products deemed to be "all natural" alternatives to established

The reports are a reminder that consumers who wander recklessly into the world of herbs and other dietary sup-plements must proceed at their own risk because no regulatory agency currently has the authority to assess the safety, purity or effectiveness of these products before they can be sold to the public.

Members of the public may be, in effect, serving as guinea pigs in exper-ments that don't always have happy endings. While the majority of supplement manufacturers are scrupulous and use production techniques that approach pharmaceutical standards, others are less than careful and some are downright cheats, filling capsules with impure substances and sometimes with little or none of the ingredients listed on the label.

At one time in the United States, dietary supplements of all kinds were treated as food additives under the direct jurisdiction of the Food and Drug Administration. Producers had to prove they were safe before they could be sold. Producers also could not claim any health benefits that were not scientifically established to the satisfaction of the federal regulatory agency.

But in 1994, under a deluge of consumer pressure instigated by the supplement industry, Congress changed the rules. Dietary supplements — broadly defined to include herbs, amino acids, botanical extracts, quasi-vitamins as well as real vitamins and minerals could be sold without any prior approval of the agency.

Now, under the new law entitled the Dietary Supplement Health and Education Act, it is up to the agency to take products off the market only after they have proved dangerous to people taking them. Only when a new ingredient is introduced is the company obliged to provide the drug agency with documentation of its presumed safety.
Furthermore, while companies cannot

make claims of a product's ability to treat or prevent disease, they can make general function, wellness and nutritional support statements on package labels that imply health benefits, even though such benefits may not be well established by properly designed scientific experiments. Thus, an herb called saw palmetto can be said to promote prostate health and ginkgo to enhance memory. And while people have long used the herb feverfew to help with migraine headaches, producers can only say it helps with brain function. But not every consumer organization supported the new law.

For example, the Washington-based Center for Science in the Public Interest, pointed out that royal jelly - a dietary supplement derived from honey bees—had already been linked to the death of an 11-year-old girl with asthma and had caused serious asthmatic attacks in nine other people.

In the newly published reports, re-searchers described PC-SPES, an unregulated mixture of berbs with potent estrogen-like activity, that caused serious side effects in patients with prostate cancer.

Another report told of two children with cancer whose parents rejected established chemotherapy for dietary sup-plements — a botanical said to boost immunity in one case and shark cartilage in the other. One child died in a few months, the other developed a more advanced cancer requiring more potent

Dr. Lori Love and colleagues at the Federal Drug Administration pointed out in the journal that "there are currently no federal regulations that establish specific criteria for purity, identification and manufacturing procedures of dietary supplements." In other words, producers can put in just about anything they want, including no active ingredient at all, and there is no guarantee that what it says on the label is

what is in the bottle. Nor is the producer required to maintain pharmaceutical standards in making the product, which could end up - and some have ended up - with all manner

of contaminants. In 1990, 36 people in the United States died and at least 1,500 became seriously ill after taking a popular supplement, L-tryptophan, which was subsequently found to contain 63 contaminants and pulled from the market.

Furthermore, the drug agency re-searchers noted, "there are no require-ments for mandatory reporting to the FDA of adverse events by the manufacturer or distributor of these products," which means it is up to the agency and physicians to pick them up. This brings up a third problem: Many

people who take over-the-counter di, etary supplements and other alternative, remedies never report that fact to their physicians. Even when patients suffer, untoward effects, they may be too embarrassed to tell their doctors what they, had been taking. As a result, doctors sometimes mistakenly attribute supplement-caused symptoms to the illness or the treatment they prescribed, which can, result in unwarranted and hazardous changes in the patient's medical care.

In an accompanying editorial, Dr., Marcia Angeli and Dr. Jerome Kassirer pointed out that consumers mistakenly. assume that dietary supplements are safer than drugs because their producers; often assert that they are.

But if a substance contains biologically active ingredients, it is bound to have other effects that may be undesirable, even dangerous.

HE September issue of the magazine New Choices: Living Even Better After 50 cautions against taking five herbal remedies that the editors listed as among those that "can trigger serious side effects or toxic" reactions.

These are the herbs:

 CHAPARRAL — Also called creosote bush, it may cause acute nonviralhenatitis (rapidly developing liver dam, age) that is sometimes irreversible.

 COMFREY — Has been linked toobstruction of blood flow from the liver, possibly causing irreversible scarring of the liver. • GERMANDER — Is mixed with

other herbs to treat obesity. In France ity has been linked to at least 27 cases of acute nonviral hepatitis. • LOBELIA - In low doses, can-

result in respiratory depression, rapid. heart rate and coma. • YOHIMBE — Is found in body-

building products, which the Food and Drug Administration has associated with kidney failure, seizures and death, -

BOOKS stranger street

EAT THE RICH

By P.J. O'Rourke. 291 pages. \$25. Atlantic Monthly. Reviewed by

Jonathan Yardley J. O'ROURKE has made what looks to be a moderately lucrative career as a humorist and contrarian of decidedly if unpredictably

conservative viewpoint. In certain Baltimore circles he's semi-legendary as a former editor, in his youth, of an underground newspaper. But he's fiftyish now, and, like so many others who've managed the transition from the '60s to the '90s, he has taken a turn to the right.

He's a reporter of sorts, which is to say that he does legwork as well as thumbsucking, but he's best known

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ating gift for self-mockery, a them are deserving. ing simile and metaphor and, from time to time, a mean streak, especially when picking apart his inferiors on the opposite end of the ideological spectrum.

One would expect there to be plenty of meanness in an O'Rourke tract on economics, given the tendency of rightists to hold their economic views with equal measures of passion and veheremarkably little of it in "Eat the Rich." In part no doubt

this is because, as a self-coneconomic, O'Rourke can't climb onto a very lofty peak from which to hurl his thunfor a humorous streak that, derbolts. But in larger part it's

though quite distinctly his because he understands that failure: "A belief in the free" own, often resembles Dave even the best of markets has market means a belief that

this book to seek an answer to "central question," i.e., "Why are some places

wealthy and other places poor?" Never mind that it's casionally revealing account, mostly once-over-lightly but rarely pretending to be anything more, of the various ways in which every econom-

system manages to fail. No doubt O Rourke would take exception to this description. He comes close to being a free-market absolutist, and in his portraits of places where the market approaches his ideal — Hong Kong coming closer than any other — he is inclined to brush aside

Barry's. He has an ingrati- its victims and that not all of people have an innate right to " the fruits of their endeavors pasted in the face with a rotten peach or something."

The problem is that it's not far more likely he set out to always that simple or clearmeet the demands of a book cut, that the few too often earn contract and came up with their disproportionately large that subject as the way to do successes at the expense, in so. What matters is that he has one form or another, of the many. But then O'Rourke is-As one who knows even

less about economics than " O'Rourke, I am perhaps not! the one to pass final judg-ment on this, but reading 'Eat the Rich,' compounded by a lifetime's observation and experience, convinces me that he is right. Certainly "Eat the Rich" is as much as I care to read about economics. Ever.

BRIDGE

By Alan Truscott

ARTY BERGEN is a 10-time national champion who has made few tournament appearances in recent years. On the diagramed deal, from the Grand National Team Championship in Chicago, he solved the prob-lem of locating the trump 10 with a delicate inference. As South in four spades,

playing with Luella Slaner, he received the lead of the heart queen and won in dummy with the ace. He led the club took the ace and returned a low heart. West won, and South played dummy's eight and ruffed East's nine.

♦ KQ93 ∇A1085 ♥762 ∇QJ3 ♦Q10854 ♣J762

The declarer's next movewas to cash the club king and :ruff a club. He then led the 10 and won with the ace when East played low. He led a spade to the king, and East king to win. West also threw and the spade to the king and East king to win. West also threw and the spade to the king to win. king to win. West also threw a diamond, and did so without ... hesitation, a point that was when he continued the suit to prove significant. A diamond return to the ace left the ending is shown above.

Bergen now drew some good inferences and found the only winning play. He are ruffed the club nine with the spade queen, led the spade nine and finessed against the 10 to make a game that failed in the replay. But for that his atteam would have been climinated from the event.

How did he knew what to do? If West had begun with three trumps he might have led one. And with two trumps, he would have had to consider ruffing the fourth round of hearts to play the club jack for a possible promotion. So it was certainly more likely than not that East held

both the remaining trumps.

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Crisis Hits Asia's Smugglers Border Areas Turn Quiet as States Crack Down

By Thomas Crampton International Herald Tribune

PADANG BESA, Malaysia — Ever since smugglers stopped coming to this village in the jungle near the Thai border, Teh Song-Wing, a shop owner, said, sales of imitation

Armani sunglasses have plunged. "There used to be so many people on the street buying my things that I never had time to sit down," Mr. Teh said, yawning behind a display case of unsold sunglasses one recent afternoon.

"Now I spend so long each day reading the newspaper that I learn too much about President Clinton," he added.

Like many sectors of the region's crisis-plagued economies, Southeast Asia's cross-border trade — much of it illegal — has been hit hard by a combination of falling domestic demand and protectionist measures designed to support local currencies.

Malaysia has decreed that the ringgit is no longer legal tender outside its borders, Burma said it would only conduct trade with Thailand in U.S. dollars, and Laos has cracked down on domestic use of the once-ubiquitous

In addition, Vietnam recently approved

death sentences for customs officers accused

of smnggling.
Not only is this illicit trade economically significant for many countries, but analysts warn that the tapering off of border commerce is hindering recovery and forcing changes in regional models for development.

Mr. Teh's store is the first in a long row of open-fronted concrete shop-houses that line this village's main street, a short walk from the Thai border. Some shops serve up bowls of steaming noodles, but most offer a variety of real and

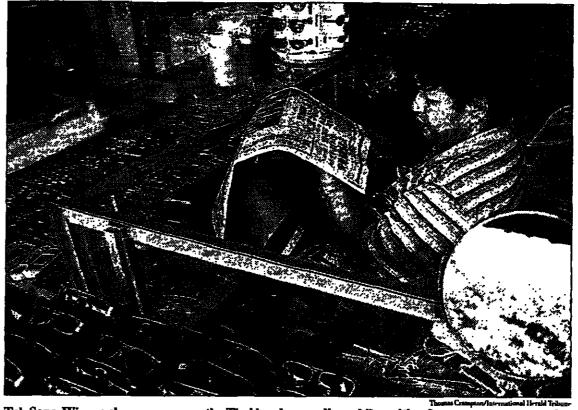
imitation imported luxury goods, ranging from Gucci watches and Big Bertha golf clubs to dried Japanese seaweed and Australian

The shops cater to Thai consumers evading Malaysia does not impose duties on a wide range of goods on which Thailand charges a

hefty import tax. Malaysian authorities consider the black

market an efficient route for exports, while low-salaried Thai officials have been known to turn a blind eye to the passage of smuggled goods, sometimes by the trainload.

See BORDER, Page 17



Teh Song-Wing, a shop owner near the Thai border, reading while waiting for customers to come in.

Fund Rescue Turns Spotlight On Regulatory Shortfall in U.S.

By Richard W. Stevenson New York Times Service

WASHINGTON -- If there has been a single refrain as economic shock waves have rolled around the world for the past year, it is the importance of spotting and addressing financial risks before they get out of control.

But after a year of demands by the United States that Asia strengthen banking supervision and provide better information to investors, and after unheeded warnings to Russia about the demanding discipline of the markets, the precipitous fall of a sophisticated Wall Street firm suggests that the Treasury Department, the Federal Reserve Board

and other U.S. regula-**ANALYSIS** tors nearly missed a potentially big problem at home.

Right under the noses of the same people who were dispensing advice to the rest of the world, smack in the middle of the best-supervised, best-capitalized, most open financial markets in the world, a single firm — Long-Term Capital Management LP — was making bets so big that when they went wrong, they threatened to destabilize the whole system.

Moreover, no one really knows what other problems might surface on Wall Street and ripple through the economy as the global crisis hits the United States with greater force.

"We are less vulnerable than any other nation in the world by a huge margin," said Roger Altman, a former deputy Treasury secretary. "But we are nonetheless vulnerable. None of us knows for sure whether there is another problem in this volatile environment which could rear its ugly head soon, and it might not be a hedge fund but something else."

plans to lay off 10,000 workers, the In some ways, the regulatory system union agreed to a buyout plan and volworked just as it should. The Federal Reserve Bank of New York brought together a group of Wall Street powerhouses to assemble a rescue package that averted a marketwide problem without calling on taxpayer money.

See FED, Page 17

Brazil's Once-Robust Auto Industry Struggles as Sales Skid

By Diana Jean Schemo New York Times Service

TAUBATE, Brazil - Thanks to aggressive streamlining over the last four years, the Volkswagen AG factory here can send another boxy Gol subcompact or Parati station wagon into the world every 90 seconds.

But finding homes for all of those cars is something else again. With the international financial crisis

that wrecked economies in Asia and ussia now buffeting Latin America. the Brazilian car industry is slamming on the brakes. Shortly, 20,000 of Volkswagen's workers here and at a plant in Sao Bernardo do Campo, about 100 miles (160 kilometers) away, will take a mandatory 10 days off.

There will be unexpected time off soon, too, at factories of other automakers here in the Sao Paulo region: 12 days at Ford Motor Co., 2 at the Mercedes-Benz unit of Daimler-Benz AG, i i at General Motors Corp.

Just two years ago, Brazil was seen as the most promising new market for car-makers, the natural gateway to South America and its more than 300 million consumers. Automakers including General Motors, Volkswagen, Fiat SpA and Honda Motor Co. poured billions of dollars into opening plants here, encour-aged by forecasts of 4 percent annual growth and by new laws that lowered import tariffs for companies with fac-tories in Brazil and made it easier for them to take money out of the country.

Though manufacturers remain excited about the country's long-term prospects — Toyota Motor Corp. has just cut the ribbon on a \$150 million Corolla factory near Tanbate — current reality is less promising.

This month, as the world financial crisis reduced confidence in the Brazilian currency and sparked a \$1 billion-aday run on dollar reserves, the central bank responded by doubling interest rates to nearly 50 percent - an increase that is hitting the automobile and ap-

pliance industries especially hard.

Devaluations in Asian currencies are lowering prices for competing Asianmade products by as much as 20 percent, according to the auto industry, which expects its export sales to fall 15 percent this year from their 1997 levels.

Lately, fears of an imminent currency collapse have lessened, but a recession - brought on by the high interest rates used to maintain currency stability now looks all but inevitable in the year ahead. In Brazil, the largest market in Latin America, with 160 million people, the end of hyperinflation created a growing class of consumers, many of them blue-collar workers.

The biggest booms were in cars and appliances, with demand running so high that steel had to be imported from Argentina to keep production rolling.

Now, consumers not only shrink from the high cost of financing large purchases but also fear their jobs may vanish as the economic downturn deepens. Economists forecast little or no growth

this year and next, and unemployment in this region, the industrial and financial center of Brazil, is running at 19 percent and expected to grow. The Brazilian stock market has bounced wildly throughout the year, with huge losses on some days followed by big jumps.

The National Association of Electronic Products Manufacturers reported that sales of electronic goods in July, before this month's latest round of interest-rate increases, had already plunged 30 percent since July 1997.
"When the government increased in-

terest rates last year, it made consumers lose confidence," said Paulo Periquito, vice president for Latin America at Whirlpool Corp. "People who lost their jobs and people who were afraid of losing their jobs stopped buying." Car sales are expected to fall 15 per-

cent to 20 percent this year, possibly more. Auto exports in Angust were down 16 percent from August 1997. The pause in operations at Volkswagen will reduce its production by

notary retirement for more than 4,000. Workers also agreed to give the company three "tools" to tackle the crisis, by cutting workers' hours or days

15,000 cars, said Antonio Fre, the man-

ufacturing operations chief at the

Taubate plant. But he said no layoffs

Still, labor representatives are wor-

ried. "As workers, we have to think not

only about today or tomorrow but about

the future," said Paulo Justi of the union

that represents employees at the Volks-

wagen plant here, "and the future to us looks very bleak."

Some 15 percent of production at

Volkswagen is for export, principally to Argentina and Mexico. The four-door

Gol is the most popular car in Brazil,

accounting for one of every four cars

sold. Last year, faced with company

were expected.

worked and imposing "vacations."

'The fourth tool," Mr. Justi said, "is going to be layoffs.'

CYBERSCAPE

Radical Politics Embrace the Internet

By Karine Granier-Deferre

Special to the Herald Tribune ARIS — The Internet is transforming the way radical move-

ments try to change

Service Service

the world. The early example of use of the Internet by Latin Amerguerrilla movements such as Mexico's Zapatistas and Peru's Tupac Amaru has spread rapidly to radical groups in Europe, the Middle East and Asia that are taking to cyberspace to spread their

But though they may have mastered the Internet to bypass government control over traditional media and reach a truce was signed last October. greger audience, most of these "With the Internet, we stoups have not yet adapted have broken a barrier and their messages to their new medium, some experts say. world is listening, watching The Internet may be flexible and waiting," said Vikki

and locally oriented. fit for underground organizations because a Web site can gainville interim government easily be moved from one country to another. Most rad-country to another most rad-country countries who have access to the interim government and

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Sources: INC Bank (Amsterdam): KBC Bank (Brins Bangin de France (Posts): Bank of Toliyo Missibish (UMF (SDR), Citier data trom the Associated Press, Bla

the Internet, according to Mike Godwin, a lawyer for the Electronic Frontier Foundation, a California organization assisting advocacy groups with privacy and freespeech issues on the Internet.

"Except for the initial cost, building a Web site is less expensive than running a newspaper, and it reaches a newspaper-size audience," he said.

The Bougainville Freedom Movement Webpage publicizes the bid for autonomy of Bougainville Island, which fought a secessionist rebellion against the government of Papua New Guinea before a

gone out to the world, and the She uses the site and an e-mail The Internet is especially list to put out news reports, communiqués from the Bouand pictures of victims of the

sorship by operating through and fax machine, Ms. John sympathizers based in other collects her information from After 45 Indian village

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the Internet. Low cost is also its military wing, the Bou- Acteal, a village in Chiapas one of the great advantages of gainville Revolutionary state in Mexico, support Army, based on the Solomon Islands, and keeps up with the situation of the refugees

> Cyberspace is also becomgroups to unite.

"Many groups now demand solidarity with one an-oil companies with interests other," said Jesse Hirsh, who in Chiapas and the stock exdirects a research program on new media at the University of Toronto. "They realize they are not only sharing the same space but also the same

He described a Nigerian group, the Ogoni, calling for soon be overwhelmed by the solidarity with East Timorese flow of information on the groups on the Internet. A supporter of the Ogoni based in Britain and a representative of the East Timorese based in Canada were participating in a "progressive social movements" e-mail list when they and have global reach, but the newspaper in Australia.

John, the movement's nation-realized they should work to-gether over the Internet to

promote their goals, he said. Information spread on the Internet usually has rapid repercussions in the international community, said Josh Hehner, director of the Information Topology Unit at

After 45 Indian villagers were killed in December in

groups all over the world sent hundreds of e-mail messages and posted communiqués on the Internet to denounce the attack and call for action. This ing a place for disparate helped foster two weeks of demonstrations targeting U.S. and Mexican consulates.

> change in Mexico. An explosion of dissident information in China is not far away, according to François Gere, scientific director of the Foundation for Defense Studies in Paris. "Authorities will

Internet," Mr. Gere said.

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ers to place their money on South Korea's future.

"We're going to respond frankly," said Byeong Yang S Correscy Per S Correscy Per S 1 Mex. pass 10.13 S. Afr. rand 1386.0 N. Zegland S 2.0992 S. Ker. won 1386.0 N. Zegland S 2.0992 S. Ker. won 1386.0 N. Zegland S 2.0992 S. Ker. won 1386.0 N. Zegland S 2.099 S. Segland S 2.099 S. Zegland S 2.099 N. Zegland S 2.0 Ho, director of the financial policy office in the Ministry of Finance.

He will accompany a team of officials in a series of overseas seminars that are scheduled to begin Tuesday in Tokyo and continue in the United States and Enrope before winding up in Hong Kong on Oct. 16.

Foreign direct investment in South Korea this year has reached only about \$4 billion,

last year, according to the Amid increasing government efforts to smooth the

almost 20 percent less than

way for foreigners to bring money into South Korea, officials say privately they do not expect foreign investment this year to exceed \$6 billion.

Such investment totaled \$6.9 billion last year.
"We cannot solve our problems overnight, but we are improving," Mr. Byeong

To some, however, the campaign reflects the worries of the government in the aftermath of such widely publicized debacles as the collapse of two auctions for the bankrupt Kia Motors Corp. Those sales failed after for-

eign bidders balked at the prospect of assuming Kia's debts.

Jupiter CONSUMER ONLINE

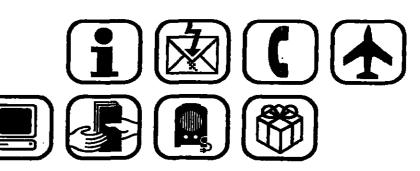
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CAPITAL MARKETS ON MONDAY

argest U.S. airline, is expected to earn

\$3.97 a share in the third quarter, ac-

cording to First Call, up from \$3.75 in

the year-ago period. Some analysts said that United picked up extra business

from travelers affected by a strike at

Intel Corp., the world's largest maker of computer chips, said this month that

sales would beat analysts' expectations.

The company is expected to earn 79

cents a share, according to First Call, up from a forecast of 73 cents before the

announcement. Intel earned \$1.57 bil-

lion, or 88 cents, in the year-ago period.
"The worst is over for Intel," said Bill

Whitlow, manager of the \$60-million

Safeco Northwest Fund in Seattle, which

Windows 98 operating systems for per-sonal computers will help boost the world's largest software company, and

smaller makers of complimentary products. Microsoft is forecast to earn 49

cents a share in the quarter ending Sept. 30, compared with 36 cents a year ago.

Dodge Corp., the largest U.S. copper

producer, is expected to earn just 53 cents a diluted share in the third quarter,

down from \$1.96 a share in the year-ago

period. Prices for the metal have

tumbled more than 20 percent in the last

12 months, hurt by weak demand from

automobile makers in Latin America

Oil and chemicals also have been

hammered by falling prices. Crude oil prices have fallen 20 percent in the last year, hurt by weak Asian demand.

to 60 cents a diluted share from 73 cents

a year ago. DuPont is expected to earn

66 cents a share this quarter, down from

Third-quarter profits at large U.S.

Exxon's earnings are expected to fall

and elsewhere.

Other industries are falling. Phelps

At Microsoft Corp., sales of its new

owns Intel shares. "I'm encouraged."

rival Northwest Airlines Corp.

On the Horizon, a Drop in U.S. Corporate Profits

NEW YORK - U.S. third-quarter corporate profits are expected to decline for the first time since a recession in 1991, as slowdowns in developing countries hit exporters and international companies, analysts said.

Profits for companies that make up the Standard & Poor's 500 Index will drop 1.1 percent, dragged down by reduced earnings at oil companies and other commodities producers, according to a sur-

vey by First Call Corp. in Boston. Exxon Corp., the largest U.S. oil company, and DuPont Co., the No. 1 U.S. chemical company, are among those expected to report declines. Worldwide demand for raw materials slumped as recessions gripped much of Asia and threatened Latin America, driving down the Commodities Research Bureau price index 11 percent this year to about 204, after dropping last month to almost 195,

lowest in 21 years. Citicorp and other large banks also are likely to report lower-than-expected profits because of losses from trading securities in emerging markets, which have tumbled.

"We're moving into a recession in terms of profits," meaning that profits will decline for "a couple" of successive quarters, said Chuck Hill, director of research at First Call.

U.S. companies have reported profit growth since the third quarter of 1991, helped by a resilient economy, analysts said. Profits rose 3.8 percent in the first quarter and 3.5 percent in the second, and are expected to gain 4.5 percent for all of 1998.

Some companies already have warned that the third quarter will be disappointing. Crown Cork & Seal Co., the No. 1 maker of cans and packaging, said Tuesday that profit would not meet

Corp. said it would have an unexpected loss in the quarter, while Walt Disney Co. said fiscal fourth-quarter earnings would decline from last year's levels.

Slumping sales prompted firings at some of the country's biggest companies DuPont said it would fire as many as 700 workers, close two filament production lines and idle a third at its Dacron poly-

ester plants because of low prices.

Rockwell International Corp., the No. 1 maker of chips used in computer modems, said it would cut as many as 700 jobs as it spins off its money-losing semiconductor unit. Farm-equipment maker Case Corp. plans to cut 1,000 jobs, or 5.6 percent of its workforce, because of a projected 25 percent decline in 1998 profit.

The anticipated profit declines hurt U.S. stocks, with the Dow Jones industrial average falling about 15 percent from its record 9,337.97 on July 17.

Spanish Peseta

Swedish Krona

U.S. Dollar

Markets Ask How Low Many airlines are expected to beat Rates and Dollar Will Go analysts' estimates because they have been flying planeloads of vacationers around the country with cheap fuel. UAL Corp.'s United Airlines, the

By Carl Gewirtz International Herald Tribuni

PARIS -- The meeting Tuesday of the policy-making committee of the U.S. Federal Reserve Board promises to be the highlight of an eventclogged week for capital markets.
It is seen as a given that the Fed will

reduce its overnight lending rate by a quarter of a percentage point, to 5.25 percent. Analysts put a high probability on the Fed also lowering the discount rate, now 5 percent, by half a percentage point: that would signal a readiness to continue lowering the more important overnight rate.

Given that market rates from three-

month Treasury bills to 10-year notes already stand below 5 percent, it remains to be seen whether the expected move by the Fed would simply ratify what has already occurred in the mar-ket or whether investors would now expect a series of declines in the overnight rate.

The expectation of lower U.S. rates has caused the dollar to fall in recent weeks against the Deutsche mark. With the German elections over, analysts say they see no obstacle to the dollar testing the bottom of its recent range against the mark. The dollar last week traded between 1.6971 DM and 1.6661 DM, ending at 1.6790 DM.

The only question concerning the

performance of the dollar in Europe, said Jim O'Neill at Goldman Sachs in London, is whether it will stabilize at around 1.60 DM or weaken substantially further. He expects that the Bundesbank would rethink its reluctance to trim German interest rates if the dollar threatened to test 1.55 DM.

Ravi Bulchandani at Morgan Stanley in London, a long-standing op-timist on the outlook for the dollar, now says that at present, "Only a decisive rally in the U.S. stock market, clear evidence of U.S. economic resilience and signs of stability in Latin America would produce a rally in the beleaguered buck.

On Thursday, Washington will re-

port employment data for September, and although that is a backward-looking indicator, it will be scrutinized for clues as to whether the U.S. economy is losing steam fast enough to warrant a

substantial easing in monetary policy.
Thursday also will be the beginning of the fiscal second half in Japan. The yen has been buoyed in recent weeks by the repatriation of profits for bookeeping purposes and an unwinding of global risk positions that had been financed with borrowed yen.

It is unclear how much further this deleveraging has to run. It is also unclear whether private capital is prepared to leave Japan in search of higher yields abroad. As a result, analysts see the dollar trading in as broad a range as 128 to 138 yen. On Friday, stood at 136.17 yen.

Investors also will be anticipating a weekend meeting of finance ministers and central bank governors of the Group of Seven industrial nations, on the eve of the annual meetings of the International Monetary Fund and the World Bank.

In the international capital market, bankers said the calendar last week was not as heavy as it had appeared, as a number of global issues were dollardenominated issues sold to domestic U.S. investors.

But ENEL, the Italian state-owned electric utility, made its first appearance in six years, offering I billion European currency units of 10-year notes offered to yield 38 basis points, or hundredths of a percentage point, over French government ECU paper. The paper ended the week trading at 35 basis points over the benchmark.

indicating solid placement.

Given the extremely light calendar of new issues since mid-August, when Russia defaulted on domestic debt, and the relatively heavy flow of international bond redemptions in September, bankers report a substantial buildup of eash in the hands of institutional investors. But bankers report that only top-rated nonbank borrowers can currently sell paper.

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Sept. 25. Prices supplied by Telekurs.

Austrian Schilling **Belgian Franc**

 $+ t \, h_{H\eta}$

zero 12/24/98 99.1374 3.4600 **British Pound** 99 Fonnie Moe 6% 06/07/02 102.4125 6.7100 126 R. Flerring Cop 8% 12/31.49 104.5000 8.0100 154 Annington Fix 2ero 01/10/23 20.2500 6.7900 6.7900

Danish Krone 11/15/09 109.1800 5.5000
11/15/00 108.2700 8.3100
12/10/99 101.2100 5.9300
12/15/04 112.0700 6.2500
12/15/04 112.0700 6.2500
12/15/04 112.0700 6.2500
12/15/01 98.2800 6.7100
12/15/01 98.2800 7.1500
11/15/01 109.3400 7.3200
10/01/29 97.9200 7.1500
11/15/98 100.3900 8.7900
11/15/98 100.3900 8.7900
11/15/98 100.3900 8.7900
11/15/98 99.3388 6.1100
10/01/29 97.9500 7.1500

Deutsche Mark 07/04/07 114.0600 5.2600 07/04/08 109.3175 4.8000 07/04/08 106.6607 4.4500 07/22/02 115.6225 6.9200 06/16/00 100.7900 3.9700 05/19/03 103.1657 4.3600 01/04/07 113.1400 5.3000 01/04/07 113.1400 5.3000 01/12/02 113.3613 7.0600 11/12/02 104.9583 4.7600 01/05/06 112.3050 5.3600 02/18/03 103.2225 4.3600 11/20/01 103.6839 4.2600 08/20/01 103.8833 4.2000 08/20/01 103.6839 4.2000 08/20/01 103.6839 4.2000 08/20/01 103.6839 5.2600 06/12/05 116.7967 5.8900 07/04/27 123.6133 5.2600 03/17/00 100.7300 3.9700 03/17/00 100.7300 3.9700 03/17/00 100.7300 3.9700 112.8829 4½ 09/19/02 103.9568
834 07/2000 109.0200
534 09/2500 104.0300
334 09/1500 99.6890
6½ 01/29/03 113.2963
4½ 02/22/02 102.6900
6½ 01/4/05 115.2500
6½ 01/20/20 113.3561
6¼ 04/20/20 113.3567
6¼ 01/04/24 119.4967
7½ 09/09/04 118.9700
66/20/16 116.7475
2ero 07/04/27 24.0128 612 01/04/24 119.4967 5.2300
70: 09/09/04 118.9700 6.3000
6 06/20/16 116.7475 5.1400
2ero 07/04/27 24.01/25 5.0800
67/10/17/30 113.0371 6.0800
67/10/17/30 113.0371 6.0800
70: 11/17/04 119.4143 6.2800
93: 08/20/01 113.957 7.4800
93: 08/20/01 113.957 7.4800
94: 12/20/00 113.083 7.9700
6 02/16/06 112.5000 5.3300
6 02/16/06 112.5000
54: 07/15/04 115.0485 5.8700
54: 07/15/04 115.0485 5.8700
55/1 16/15/00 103.2657 4.9600
55/1 05/15/00 103.2657 4.9600
55/1 05/15/00 103.2657 4.9600
55/1 05/15/00 103.2657 4.9600
55/1 05/15/00 103.2657 4.9600
55/1 05/15/00 103.2657 5.5000

6% 07/09/03 112.1288 5.57100
9 01/22/01 111.9313 8.0400
6 09/15/03 109.9244 5.4600
7/4 12/24/02 113.0800 6.3000
5% 09/24/99 100.0000 5.6300
6% 09/15/99 103.0300 6.5500
8% 05/21/01 111.9157 7.4800
8% 05/21/01 111.9157 7.4800
8% 05/21/01 111.1450 7.6500
6% 05/23/99 107.6800 6.0200
6% 05/23/99 107.6800 6.0200
6% 05/23/99 107.4500 5.6700
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6% 05/23/99 107.4500 5.6700
6% 05/23/99 107.4500 3.6700
6% 05/07/17/99 100.3200 4.9800
7% 01/23/03 109.9013 5.4600
5 12/17/98 100.3200 4.9800
7% 01/23/00 104.7363 4.9200
7% 01/23/00 104.7363 4.9200
6% 05/07/17/99 102.1200 4.6500
6% 05/07/17/99 102.1200 4.7600
6% 05/07/17/99 102.1200 4.7600
6% 05/07/17/99 103.2100 4.7600
6% 05/07/17/99 103.2100 4.6500
5% 05/07/17/99 103.2100 6.4000
6% 05/21/99 103.2300 6.6000
2870 01/04/28 23.8500 5.0100
4% 07/07/08 107.4082 4.8100
5% 04/29/99 107.2300 6.6000
5% 04/29/99 107.2300 5.6800
5% 04/29/99 107.2300 5.6800
5% 04/29/99 107.2500 5.6800
5% 04/29/99 107.2500 5.6800
5% 04/29/99 107.2500 6.6500
7% 106/05/08 107.2500 4.6500 212 Canada 215 Belgium 223 Treuhand 229 Land Berlin 233 Frunkfurl Hypo 234 Bundespost 236 Hypobk Essen 239 Rhein Hypobk 119,3000 6,5000 102,0500 4,6500 98,1719 4,3300 **Dutch Guilder** 5¼ 07/15/08 109.1000 9 01/15/01 111.6400 5½ 07/15/01 111.6400 5½ 07/15/02 108.7000 8½ 03/15/01 111.2900 8½ 03/15/01 111.2900 9 05/15/00 108.4200 7½ 04/15/10 129.2000 7 02/15/03 112.6500 8¼ 09/15/07 130.7500 6 01/15/06 112.5000 8¼ 06/15/02 115.3500 8¼ 02/15/02 115.3500 8¼ 02/15/02 115.3500 8¼ 02/15/02 114.1000 2ero 01/15/23 29.1000 594 05/15/07 111.2900 5.1400
9 05/15/00 108.4200 8.3000
7/9 03/15/00 108.4200 5.4600
7/9 03/15/23 137.3500 5.4600
7/9 04/15/10 129.2000 5.9000
7 02/15/03 112.6500 6.2100
8/4 09/15/06 112.5000 5.3300
8/4 06/15/06 112.5000 5.3300
8/4 06/15/02 115.3500 7.1500
9 10/15/23 29.1000 5.2100
6/4 04/15/03 111.0000 5.8600
7/4 01/15/99 104.2500 7.7700
9 10/16/00 104.4500 8.1500
8/4 02/15/03 106.1400 7.7700
9 10/16/00 106.900 8.1500
8/4 05/15/90 107.2200 7.3000
8/4 05/15/90 107.2200 8.1200
7 06/15/95 117.7000 5.9500
8/4 09/15/01 103.9700 7.6800
7 06/15/05 117.7000 5.9500
8/4 06/15/99 102.8100 6.5800
7/4 01/15/90 105.1700 7.3700
8/4 06/15/99 102.8100 7.0500
7/4 07/15/99 102.8100 7.0500

ECU 5¼ 04/25/08 111.0764 4.7300 4½ 07/12/02 102.3000 4.4000 7½ 04/25/05 120.5000 6.2200 4½ 07/12/03 102.8200 4.3800 5 01/28/09 104.2506 4.7900 5 04/25/09 108.0000 5.0900 5 04/25/07 108.0000 5.0900 107 Finland 108 France OAT 116 E1B 123 Italy 213 France BTAN 217 Spain 218 World Bank 237 France OAT 248 Spain Finnish Markka 1.52 Finland French Franc

04/15/08 108.50000 5.09/00 04/15/08 105.5972 4.7300 05/11/08 104.8900 4.7700 07/12/00 100.5600 3.9800 07/12/09 100.9700 5.1000 09/18/05 102.0518 4.1600 04/25/22 146.9100 5.6200 01/31/29 110.2650 5.4400 10 09/15/07 117.0830 8.5400 <u>Italian Lira</u>

5% 03/29/05 64.9054 10.2100 5 04/15/14 74.5174 6.7100 6% 04/15/06 62.5844 10.5900 6% 01/01/01 60.1781 11.2200 5 04/15/14 69.9754 7.1500 8% 04/15/08 86.0749 10.3100 5% 04/15/08 10.2785 5.400 6% 04/15/2 52.0100 12.8600 111/ 05/15/20 101.4551 11.3100 6% 12/31/19 76.1250 82100 86 cents. 77 Brozil FRN 674 04/15/12 52.0100 12.8600
78 Mexico A 64 12/31/19 76.1250 82.100
83 Argentina L 54 03/31/23 70.2451 8.1900
90 Brozil 10 54 03/31/23 70.2451 8.1900
90 Brozil 10 54 03/31/23 70.2451 8.1900
91 Deut Ausgleichs 54 09/15/27 59.3890 77.0500
92 Mexico B 64 12/31/19 76.1250 8.2100
93 Mexico B 74 09/15/27 97.4250 12.400
94 Argentina 974 09/15/27 47.8218 19.3400
109 Russia 124 05/24/28 21.1973 60.1500
110 Poland 67 12/02/15 10.1870 65.0300
110 Poland 10 4 10/27/14 86.5000 4.6200
110 Vorishecon FRN 64 12/02/15 10.1870 65.0300
120 World Bank 54 02/06/08 104.1705 5.5200
123 Argentina 1134 01/38/17 85.1250 13.3600
133 Argentina 574 09/16/08 104.1705 5.5200
134 EiB 54 09/16/08 104.1705 5.5200
135 Brozil 27 54 04/15/04 60.5000 9.0900
146 Canada FRN 674 04/15/24 60.5000 9.0900
148 Brozil FRN 674 04/15/24 64.2590 10.4100
153 Italy 6 05/29/08 104.5216 65.7400
153 Italy 6 05/29/08 104.5216 65.7400
154 Brozil FRN 674 04/15/06 62.2494 10.6400
165 Brozil FRN 674 04/15/06 62.2494 10.6400
167 Russia 10 06/26/07 22.7500 43.9600
176 World Bank 54 07/28/24 64.2590 10.4100
167 Russia 10 06/26/07 22.7500 43.9600
177 World Bank 54 07/24/08 18.2500 47.9500
178 World Bank 54 07/24/08 18.2500 47.9500
178 World Bank 54 07/24/08 18.2500 47.9500
178 Brozil 51 11 17/24/18 18.2500 5.4500
179 World Bank 54 07/24/08 18.2500 47.9500
173 Brozil 71 174 Spain 574 07/28/08 103.7779 5.6600
174 Poland pgr 94 04/07/08 64.5000 14.5300
174 Poland pgr 94 04/07/08 64.5000 14.5300
176 Poland pgr 97 05/27/24 66.66/12 4.5000
176 Poland pgr 97 05/27/24 66.66/12 4.5000
176 Poland pgr 97 05/24/08 103.7779 5.6600
177 Brozil 71 174 Spain 574 07/28/08 103.7779 5.6600 banks are expected to fall 34 percent, according to First Call. Estimates for banks' earnings have been falling rapidly in recent weeks as the economic crisis that started in Asia more than a year ago spread to Russia and Latin 66.6712 4.5000 72.3045 9.1600 44.2500 7.9100 80.0100 8.2500 78.0000 8.3000 97 78.0000 8.3000 97 100.4909 6.1300 87.2500 10.6000 8103.8304 5.5400 371.8854 9.5200 8105.3750 5.6900 690.0000 4.5600 11 10/09/06 90.0000 6.95 03/04/08 106.2500 574 06/28/01 100.0000 5.93 09/30/00 99.0000 15.698 08/04/99 99.8630

09/22/08 1 06/11/07 1 07/28/12 08/28/06 1 04/15/12 04/15/03 1 102.3500 106.8750 45.5258 110.0000

Orlando, Florida: National Retail

Internal Audit Executives Confer-

Washington: International Mone-

tary Fund and World Bank's 53d joint annual meeting of the Boards

Mexico City: Export-assembly in-

dustry output for July. Washington: Agriculture Depart-

ment to report on 1998 crop con-

ditions for wheat, com, soybeans

Mexico City: Foreign-reserves da-

Buenos Aires: Public services and

Chicago: Chicago Purchasing Man-

agers Association to issue its man-

ufacturing index for September.

utilities use data for August.

Ottawa: GDP data for July.

of Governors. Starts Tuesday.

Federation's Financial, Credit and

Americas

The Week Ahead: World Economic Calendar, Sept. 28-Oct. 2

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News

Asia-Pacific

Monday

Tuesday

Sept. 29

Thursday

Oct. 1

Friday Pict 2

Expected Albury, Australia: Conference on This Week telecommunications, media, electronic commerce and information services in rural and regional Aus tralia. Through Tuesday.

porate service price index for Au-

Frankfurt: Comdex Enterprises high-technology exposition. Through Wednesday. Prague: Forum on Custody and Settlement in Central and Eastern Europe. Tuesday and Wednesday. Singapore: Economist Conferences' Roundtable for the Asian Consumer. Tuesday and Wednesday.

Paris: Government to issue survey Seoul: Creditors of Kia Motors to choose a winner in the second bidon business confidence for Septemding for Kia and its affiliate, Asia Stockholm: Riksbank to issue in-Tokyo: Bank of Japan to issue corflation report. Vienna: European Union finance

ministers' annual Ecofin talks. gust and account balance. Brussels: Consumer price data for Sydney: Trade balance for August. September. Tokyo: Bank of Japan to issue wholesale price indexes for midto sell through bids a 40 percent September and minutes of its Aug. stake in Tesatoriile Reunite. 11 Monetary Policy Board meeting. Wellington: Employment data for the February-May quarter.

ta; manufacturing compensation Bucharest: State Ownership Fund and employment data for July Ottawa: Industrial production price and raw materials price indexes for Rome: Hourly wages data for Au-

Bangkok: Bank of Thailand to issue monthly economic report. Sydney: Retail sales and building approvals for August; Reserve Bank to issue credit aggregates for Au-

Sydney: Job vacancies and over-

Bangkok: Bank of Thailand to issue

weekly report of the official foreign

reserves total and net forward loan

time report for the third quarter.

Copenhagen: Second-quarter Bangkok: Consumer price index for Madrid: Industrial price data for Ju-Paris: Bank of France's monetary

domestic product.

for September.

Bratislava: Foreign trade data for

Paris: Jobless data for August.

Vilnius, Lithuania: Second-quarter

policy council meets to set interest

Tempe, Arizona: National Association of Purchasing Management to issue purchasing managers' index for September. Washington: Weekly unemployment claims data; construction spending for August.

Copenhagen: Currency reserves Lisbon: Bank of Portugal's council to set benchmark interest rates for the next four working days. Rome: August producer prices.

Mexico City: Communications and Transport Ministry to list companies registered to bid for a concession to operate nine southeastern airports. Washington: Factory orders for Au

Drumroll for a Rate Cut Underpins Bonds

Market News

NEW YORK - The outlook for the Treasury market during the coming week is bullish, based on expectations of an interest-rate cut by the Federal Reserve Board, but gains are expected to be limited, given the extent to which bond prices have already risen, analysts said. The benchmark 30-year Treasury

bond ended Friday at 105 25/32, up from 105 11/32 a week earlier. The yield, which moves opposite to the price, fell 5.12 percent from 5.15 percent.

Market players and economists became concerned about a possible credit crunch after the bailout Wednesday. orchestrated by the New York Federal Reserve Bank and undertaken by more than a dozen major international financial firms, of Long-Term Capital Management LP, a hedge fund based in

Greenwich, Connecticut. "It's a credit crisis," said Joel Kent, market economist with Lehman Brothers. "The liquidity problem is concerning the market. These are the things that will make the Fed ease Tuesday.

Meggan Walsh, vice president and portfolio manager with AIM Advisors

U.S. CREDIT MARKETS

in Houston, agreed. Although several economic reports are due this week, she said, U.S. bond traders will focus on "international markets and the unwinding of leveraged positions," such as those assumed to be held by LTCM.

Mr. Kent said that if the Fed reduced benchmark interest rates by 50 basis points, or half a percentage point, it

he cautioned that traders might also interpret a drop of 50 basis points negatively and assume that the Fed thinks risks to the economy and financial system are worse than the market is aware of. He said there were three reasons the

Fed would cut rates: the Asian economic slowdown, the "negative wealth effect" stemming from recent losses in the equity market and the liquidity crisis. "If the Fed doesn't ease, then get out

of Dodge," Mr. Kent said. "Stocks will oummeled.`` he said, but added that he did not believe Mr. Greenspan would have "tipped the market off" if it were not going to ease. On Wednesday before news broke of the LTCM bailout, Mr. Greenspan made comments in his testimony before the Senate about "rising concern" over the risk to the U.S. econwould be great news for the market. But omy from Asia's economic problems.

New International Bond Issues

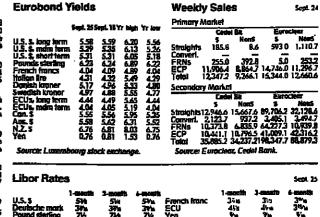
Compiled by Laurence Desvilettes

10000	G				week	
Floating Rate Notes						
National Mutual Trustees	\$314	2029	74	100.00	~	Over 3-month Libor. Collable in 2005. Fees 0.175%. Denominations \$100,000. (Deutsche Banic.)
Fixed-Coupons						
Corp. Andino de Fomento	\$100	2007	61/6	99.914		Semiannually. Noncollable. Fees 0.25%. (Merrill Lynch Inft.)
Federal Home Loan Bank	\$100	2008	5.80	open		Semionaucity, Noncollable. Fungible with outstanding issue, raising total amount to \$2.1 billion. Fees 0.01%. (Science Smith Barney.)
Ford Motor	\$1,500	2028	6%	98.882	98.85	Noncollable, Fees 0.875%, (Martill Lynch Intl.)
Ontario	\$750	2008	51/2	99,408	100.25	Noncollable, Fees 0.35%. (Goldman Sachs Inth.)
BNG	£100	2007	7%	111.712		Reaffered at 110.037, Noncollable. Fungible with outstanding issue, raising total amount to 6400 million. Fees 2%. (HSBC Markets.)
Fannie Mae	£150	2002	674	102.69		Noncollable. Fungible with outstanding leave, raising total amount to £1.7 billion Fees 0.175°c. (Mentil Lynch IntL)
Inter-American Development Bank	£150	2008	5%	99.585		Noncallable. Fees 0.325%. (Barclays Capital.)
KFW	£50	2021	5.55	99.362		Nancollable. Funglists with outstanding issue, raising total amount to E450 million. Fees 0.45%. (J.P. Margan Securities.)
World Bank	£75	2003	61/2	104.008		Reoffered at 102.383. Noncollable. Fungible with outstanding issue, raising total amount to £375 million. Fees 1944. (Warburg Dillon Read.)
World Bank	£50	2007	71/8	110.76		Noncallable. Fungible with outstanding issue, raising total amount to £200 million. Fees 9.325% (Warburg Dillion Read.)
World Bank	£200	2021	5.40	99.358		Noncollable. Fees 0.45%. (Dresdner Kleimaari Benson.)
BNG	FF1,000	2013	57/1	108.223		Reoffered at 106.623. Noncollable. Fungible with outstanding issue, raising total amount to 4.5 billion francs. Fees 2%. Denominations 100,000 trancs. (Societe Generale.)
General Electric Capital Corp.	FF1,000	2009	5 5/ 8	109.836		Nancollable. Fungible with outstanding issue, raising total arrount to 3 billion francs. Fees 0.325%. (Paribos.)
Rabobank Nederland	FF3,000	2008	41/4	101.699	99.90	Reoffered at 100,024. Noncatable. Fees 2%. (Credit Agricole.)
ENEL	ECU1,000	2008	41/2	101.029	99.60	Reoffered at 99.354. Noncollable. Fees 2%. (Merrill Lynch Intl.)
Equity-Linked						
Koninklijke Ahold	DF1,300	2003	3	100.00		Collable at par in 2001. Convertible into company's shares at 64.416 guilders per share or into company's ADRs at \$34.038 per ADR. Fees 21:99 (ABN—AMRO Hoare Govert.)
Kokusai	Y20,000	2013	open	100.00	_	Coupon indicated at 0.75 to 14%. Redeemable at par in 2003, Convertible at an expected 8 to 12% premium. Fees not disclosed. Terms to be set Oct. 2. (Deutsche Bank.)

Last Week's Markets

	Stock Ind	exes		Money Rates			Εų
_	United States DJ Indus. DJ Util. DJ Trans. S.A. P. 100	8,029,77 7,895	66 ± 1.69	United States Discount rate Prime rate Federal funds rate	Sept. 25 5.00 8½ 51%	Sept. 18 5.00 84: 574	U.S. 2.U 2.U
0	S&P100 S&P500 S&Pind NYSECD NasdaqCp	2.795.83 2.814 506.27 495 1,044.75 1,020 1,246.57 1,213 515.68 507 1,743.59 1,663	£4 + 2.76	Jopan Discouni Call money 3-month interbank	0.50 0.26 0.65	0.50 0.24 0.65	Pos Fre Holi
	Jopan Nikkei 225 Britain	13,723.84 13,983		<u>Britain</u> Bank base rate Call money 3-month interbank	7½ 7% 7%	7½ 0.0. 744	Profession
,	FTSE 100 Conside TSE Indus.	5.061,00 5,055 5.845,20 5,772		France Intervention rate Call money	3.30 3% 3%	3.30 376 376	
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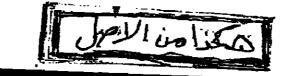
Euromarts



PAGE 16 INTERNATIONAL HERALD TRIBUNE, MONDAY, SEPTEMBER 28, 1998 Feet Cage Figure Code Augh

Levilia Disco

化物医疗 医阴道性神经 医乳腺性





Unemployed Russians, whose numbers have increased since the ruble devaluation, lining up at a Moscow railroad station for soup. in Moscow. "It was simple to

Russia Tries an Old Vodka Recipe

State Controls to Return in a Bid to Recapture Tax Revenue

By Michael Wines New York Times Service

MOSCOW - Reining in Russia's boundless thirst for illicit, untaxed and therefore cheap vodka is easy: President Boris Yeltsin's government has done it dozens of times.

There was the decree last year that banned walk-up liquor sales at sidewalk kiosks; the kiosks quickly mutated into sidewalk stores with phone-booth-sized sale rooms. A decree the previous year set a minimum price of 18.40 rubles a liter at stores; it aimed to wipe out the price advantage of untaxed vodka but instead expanded the black market.

There have been 40 or so other similar decrees, plus a near-war with Georgia last autumn to block fleets of ethyl alcohol tank trucks - all to some, but not very much, avail.

Now the new prime minister. Yevgeni Primakov, is preparing another vodka decree, a get-tough plan with the statist stamp of Mr. Yeltsin's new Communist-led ministries and the endorsement of moderates — which is not to say it will work, either.

The alcohol industry is now under mafia control," said Nikolai Petrakov, an economist and director of the Institute of Market Problems privatize production and trade of motive for such sweeping changes eturn to the old position."

Mr. Primakov intends to try anyway. Details are scarce, but his aides said the government would effectively retake control of key parts of the vodka industry that were set free when Mr. Yeltsin liquidated the state vodka monopoly in May 1992.

Private vodka manufacturers they are not distillers, just mixers of alcohol, water and flavors --- would keep their licenses if they let the government clear their major production decisions. The government also would decide who gets to sell the billions of 1-liter bottles of vodka that fly from Russian shelves each year.

Moscow already controls the 162 distilleries that make virtually all the alcohol used in legal vodka; control of production and distribution supposedly will re-establish something akin to the Soviet-era industry, but with some room for private profit.

"All those who will get a quota to produce alcohol will function," Gennadi Kulik, the deputy prime minister for agriculture, said last week. "Those who will not get this quota for various reasons will either have to change their product line or work according to the government."

vocka. It will be very difficult to goes without saying. In czarist days, half of all state revenue came from state-controlled vodka sales. The Soviet Union still received as much as 35 percent of its income from vodka until oil and gas became big moneymakers in the 1980s.

By the latest estimate, no more than 4 percent of state revenue comes from vodka taxes or sales, a half to a third of what it should be. Mr. Primakov seeks to pay at least half of the total of back wages owed

state workers with proceeds from stricter enforcement of alcohol laws. Vodka is such a heavily taxed commodity that the riches gained from cheating ourweigh the risks for bootleggers. They skirt excise taxes by marketing their vodka at discount

prices, often under reputable names. They also cut costs by making vodka from cheap ethyl alcohol smuggled into the country or produced illegally after-hours at government distilleries. By some es-timates, government distillers produce twice as much alcohol as they list on official sales reports.

All told, the hidden output is staggering, so to speak: In 1997, licensed makers reported producing 868 million liters of vodka, but Russians Among Russians, at least, the reported drinking 2.15 billion liters.

SHORT COVER

Ministers Seek Greater EU Role

VIENNA (AFP) — European Union finance ministers beaded home from their meeting here Sunday after agreeing that Europe needed to play a greater role on the world

economic stage as it prepared to launch its single currency. The Asian and Russian crises have underlined that the EU must accept the responsibilities that go with the euro, set to become a key global currency when it is launched Jan. 1, they

"We are aware that Europe should play a stronger_role in activating the reform of the International Monetary Fund." the European monetary affairs commissioner, Yves-Thibault

Telecom Italia Sets Expansion Plan

ROME (Bloomberg) — Telecom Italia SpA, the former telephone monopoly, said Sunday it planned to invest \$24 billion in foreign expansion and new technology, cut 8,000 jobs and sell assets as its home market is opened up to rivals. The three-year development plan adopted by the board also calls for average sales growth of more than 7 percent, com-

pared with 6.6 percent in the first half of this year, and aims for the company to at least maintain profit margins. It was the first time Telecom Italia had outlined its strategy since the world's eighth-largest telephone company was sold off by the state last year and Italy's fixed-line market was opened to competition Jan. 1.

Iran Authorizes a Private Bank

TEHRAN (AFP) -- Parliament passed a law Sunday authorizing the creation of a private bank in Iran for the first time since the 1979 Islamic Revolution,

Under to the law, the bank is to be launched with private investment and is not to be subject to the same regulations as state banks. Iran has a half a dozen banks, all of which were nationalized after the revolution.

Cathay to Add Philippine Flights

HONG KONG (Bloomberg) — Cathay Pacific Airways Ltd., Hong Kong's only long-haul carrier, said it would add 10 charter flights a day within the Philippines to fill a void left by Philippine Airlines, which closed Wednesday with \$2.1 bil-

The new charter flights will use Airbus A330-300 aircraft, and more may be added, Cathay said Saturday.

Founder of Domino's Pizza Retires

DETROIT (AP) - Tom Monaghan, the founder of Domino's Pizza, said he was retiring and selling practically the entire company to a Massachusetts investment firm so that he could devote his time to charity.

The purchase price for the chain was not disclosed.

JAPAN: Bank Unit Declares Bankruptcy as Parties Seal Deal on a Plan to Reform Financial Sector

Continued from Page 1

- let him

markets consider Long-Term Credit insolvent because of its exposure to huge problem loans extended through affiliates during the "bubble economy" investment boom.

Long-Term Credit, one of Japan's top 19 banks, virtually collapsed in June when its share price dropped sharply.

The bank was forced to ask Sumitomo to absorb it in a rescue merger and then pleaded for taxpayers' money to shore up its capital.

In a drastic reform plan announced last month, Long-Term Credit said it would bail out the three firms by writing off 520 billion yen in loans extended to them.

But on Friday, the Japanese gov-ernment said it would not finance cerns that Japan's political paralysis troubles would worsen and spread will continue to hobble its economy. But on Friday, the Japanese gov-

Japan Leasing. (AFP, Reuters) ■ Pact Could End Paralysis

Times reported earlier: The agreement reached on Saturday, if it sticks, may dispel con-

Sheryl WuDunn of The New York

the bank's offer of support to three The parties had reached an agreement of its struggling affiliates, including earlier, on Sept. 18, but it began unraveling just as Prime Minister Obu-chi and President Bill Clinton were meeting in New York on Tuesday to ends. discuss global economic problems.

Markets in Tokyo and around the world had been concerned that if the deal fell apart, Japan's economic With Saturday's agreement, a set of long-awaited financial laws could be passed by Parliament by Oct. 7, when the current legislative session

The new laws would set up a mechanism for strengthening Japan's banks, dealing with large bank failures and confronting the problem of bad loans that are at the heart of the nation's economic crisis.

BORDER: Asian Crisis Puts Lid on Smuggling

Continued from Page 13

But despite wide profit margins. Mr. Teh said his former customers no longer found that crime paid.

"With the Thai economy collapsed, the snuggling has slowed down," Mr. Teh He added: "It is already not good for this town, and currency controls could make the

situation worse. While the volume of trade in smuggled goods is difficult to measure, officially re-

corded border trade has plunged. After years of 20 percent annual growth, trade between Malaysia and Thailand dropped nearly 40 percent in dollar terms over the first six months of this year, according to

the Thai Commerce Ministry. During the same period, trade between Burma and Thailand fell nearly a third in

This trade slowdown is forcing changes in traditional border businesses and regional economic-development models Hotel owners in southern Thailand, for

example, who formerly catered to Malaysian

men wishing to sample the freewheeling

nightlife of a non-Muslim country are now hoping to fill rooms instead with family va-Since Malaysians will only be able to Fing a little bit of money out of the country, we hope they will take their families here instead of going all the way to Hong Kong." said Sawai Na Phatalung, president of the

Pink Hotel in Hat Yai. To try to revive regional trade, the Asian Development Bank - which has long con-

sidered the legalization and promotion of border trade as crucial to development - is altering tactics on one of its most high-profile regional projects, the Greater Mekong Sub-

Vietnam, Burma and China.

The situation is quite different now, and it is difficult to make changes in the macro trade framework in these countries." said Kazu Sakai, head of the Asian Development Bank's

"If we aim for changes within specific small geographical areas, we will make more

He added: "Stimulating cross-border exchange is very important for getting out of this

"It will be more difficult to get countries to work together on environmentally sound and socially just projects when their economies are suffering and they are keen to just sell any

Nicholas Freeman, head of Indochina research at ING Barings, added, "Asia has changed so much in the last 18 months that projects many people thought possible now

egion project. Instead of emphasizing broad changes in national trade laws, early next month the Asian Development Bank will propose that the region's ministers authorize a series of free-trade zones and industrial parks along the borders of Thailand, Laos, Cambodia,

Greater Mekong Subregion Unit.

As trade between countries declines, many

project," said Lars Andreasson, chief of public relations and coordination at the Mekong River Commission, a regional-development

seem much less tenable.'

FED: Fund Fiasco Highlights U.S. Vulnerability

Continued from Page 13

"This is how the situation our current regime," said Bert, a consultant to the fimancial-services industry. that they had to be liquidat-However, and this is where ed," Mr. Soros said. "Normal the average citizen should be concerned, it raises publicpolicy questions about how this got out of control the way

To some extent, the answer lies in the nature of the financial instruments being traded by Long-Term Capital Management and other investment firms and banks. Not only are the derivative that was hurting developing securities it traded so com-plex that they are truly un-squeeze the United States. plex that they are truly understood by only a relative handful of people, but the strategies employed by Long-Term Capital and other firms are closely guarded secrets.

The hedge-fund industry operates largely outside traditional bank and securities regulators and relies on new borrowed from a variety of sources, including commercial banks, which to some degree are gambling with federally insured deposits.

George Soros, perhaps the best-known hedge-fund operator, described the industry in congressional testimony this month as "a daisy chain with many intermediaries, and each intermediary has an obligation to his counterparts without knowing who else is

His appearance before the House of Representatives Banking Committee on Sept. 15 came more than a week before Long-Term Capital Management's problems beme public. But Mr. Soros was almost certainly aware of the developing difficulties at Long-Term Capital.

rocked stock and bond markets around the world last should have played out, given month, "many hedge funds and other speculative accounts sustained large enough losses that they had to be liquidatprofessionals who arbitrage petween various derivatives. Greenspan told Congress. that is to say, trade one derivative against another, also

sustained large losses."
As a result, Mr. Soros said, banks were "frantically trying to limit their exposure, deleverage and reduce risk," setting off a global credit crunch

With hindsight, the brewing problems at Long-Term Capital were no doubt a factor in the increasingly explicit hints from Alan Greenspan, the Fed chairman, that the central bank might soon re-

duce interest rates. Mr. Greenspan specifically mentioned during congres-sional testimony Wednesday that increasing disruptions to the financial system were one reason that an easier monetary policy might soon be jus-

Mr. Greenspan has always been reluctant to impose more

After Russia's debt default regulation on derivatives, arguing that banks and other financial institutions are in a better position than auditors or regulators to determine the value and risk of the securities

they hold and finance. "Hedge funds are very spreads were disrupted, and strongly regulated by those professionals who arbitrage who lend the money," Mr.

But Mr. Greenspan and Treasury Secretary Robert Rubin have been warning for months about the perils of lenders becoming too relaxed about risk.

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AMSTERDAM DEPOSITARY COMPANY N.V. dam, September 25, 1998





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Let's build the world to come.

A Fund Manager Stays on Track With Bets on European Transport Firms



John Boich sees the equity culture taking root in Continental Europe.

John Boich has been on the right track. Last autumn, the co-manager of four international funds for Commerzbank's San Francisco subsidiary Montgomery Asset Management offered readers of the International Herald Tribune's Money Report section five stock picks in the European transportation industry, all of which sub-sequently made significant advances.

Even after the recent market mayhem, four of the five are higher now than they were last year, and the one that is not - Vossloh AG, a German maker of railroad equipment - has acquired a large part of one of the other picks. VAE Eisenbahnsysteme AG, an Austrian company that makes turnouts, the equipment that allows trains to switch tracks.

His other choices, Henlys Group PLC, Avis Europe PLC and National Express Group PLC. have all registered sharp gains.

Mr. Boich remains bullish on European stocks in the run-up to the single currency. He still likes transportation-related companies, notably the German luxury-car maker Porsche AG, whose stock he expects to more than double in 12 months.

Meanwhile, as Europeans start to worry about retirement, he also likes some leading financial companies that will help people invest more actively and aggressively than has been the norm in the past. He shared his rationales for these picks with the International Herald Tribune's Mitchell Martin.

Q. Why are you so optimistic about Porsche? A. This one is simply down to earnings vis-ibility. One of the things that we try to do is develop

A. The profitability of the new 911, we believe, is going to be beyond what the general consensus

Q & A / John Boich of Montgomery Asset Management

earnings estimates that are materially different from the consensus. Porsche is one of those examples where we believe we have exceptional insight on future earnings based on our intimate sessions with management. We have gone to the trouble to model this thing out to the level of profitability by model, and we have a lot of conviction in our earnings [estimates], which are materially above the Street.

Q. What makes your estimates better than the next guy's?

A. It's the level of detail. We take a lot of pride in what we call primary original research, i.e., do the work yourself, have multiple sources. It is talking to the company, talking to the competitors, talking to the suppliers.

For example, we know the company who supplies all the brakes for the Boxsters and the new 911s: Brembo of Italy. We don't own them, we're not going to own them — they're expensive, at least they were previously — but we want to know what their expectations are, what they are under contract to ship to Porsche.

Q. Why should they tell you? A. Some of them don't, but remember, asking the

right questions is part of the battle. Q. What did you find out about Porsche?

has been. There is a lot of visibility in the earnings because they sell a very limited number of models, and there are backlogs for both the Boxster and the

There is a craze for the new 911; they cannot make enough of them right now. Granted, what is going on in the financial markets is going impact the appetite for that stuff, but we have on our books something like nine months of combined backlog for a company that produces 40,000 cars. It's not like they are Renault, producing 2 million; they only have to sell 40,000 to make the number.

Porsche has been crushed in this environment. People say, "Luxury goods, expensive." I think they have got it all wrong.

What other transportation issues do you

A. The 12-month story on Virgin Express is very positive. They have just got a problem with the pay structure of their Belgian-based pilots that

they are going to resolve.

Underlying growth will be fueled by strong incremental traffic growth arising from deregulation and lower tariffs. Virgin will also be boosted by several other factors, including its strong brand image, shift of emphasis from charter to scheduled service and prudent expansion into new

The other one that we have added in that theme

of components and systems for rail transport en-gineering in Europe and is active in several strategic business areas such as reconstruction of rolling stock and components for trams and trolled buses. The privatization and deregulation of the rail-transport industry across Europe should be a material catalyst for the business momentum of Schaltbau over the coming two years. Q. We have seen growing interest in stocks in Britain, but is it the same on the Continent? A. The equity culture in Britain is very and

-Schaltbau of Germany - is a leading supplier

A. The equity culture in British is very agreed. Continental Europe is where I am pointing, my finger now, and I point it to things like prevaint that expose individuals to equities for the first time involuntarily. They have had the luxury of having it work for them. They have made

Another thing is interest rates. Remember that all across Continental Europe, north and south, you have had much higher interest rates traditionally, and you have had a very set fixed-income mentality. In Southern Europe you were earning double-digit returns until as little as a couple of

If you look really closely behind some of the financial markets in places like Italy and Spain and France, there was a government-orchestrated system whereby the saver was incented to put money in the insurance companies and banks and the insurance companies and banks were in turn in-cented to buy government securities to finance the

That whole incentive system has changed. The deficits are down; there is no longer a need channel those savings back to the government Now they want to grow and modernize their ecodomics, and they want to channel those savings into

capital markets. They want to have entrepreneurialism, they want a capital-market structure that is more mature and more developed. In addition to that, they wait

to encourage savings for retirement. Q. What are some growth stocks in the financial

A. One is ING Groep in the Netherlands.
There is going to be continued consolidation in

the European financial-services industry, which has been quite a big catalyst for some of the sharprice appreciation over the last 12 to 18 months.

Q. Doesn't that make the industry overbanked?

Most definitely.
So what makes ING a better bet than another

A. Capital, for one thing. The well-capitalized entities will clearly be the beneficiaries in the consolidating industry, and you are at a stage right now where the capital requirements are increasing. The euro, the millennium - general information technology needs to be a pan-European entity. There are probably only about a quarter of them

that can come close to doing that properly.

Look at banking across the Internet, for ample. The bank with the strongest capital base and the most efficient in operating and administration is going to be able to offer the best rates.

Q. So far, that has not taken off. A. You need a single currency to start with. That is one big barrier. It is probably not going to take off like wildfire, but I believe that the distribution

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going to get a lot longer really quick.

Using U.S. Tax Law to Gain From Losers

The Associated Press

NEW YORK — If there are some lemons lying around in your mutual-fund portfolio, here's a chance, as the saying goes, to make some lemonade.

A losing investment is never a total loss if it can be used as a helpful tax write-off. And after the camage in the stock market in recent months, between now and the end of 1998 may be a prime occasion for many U.S. investors to comb through their holdings for tax losses to

Washington stands ready to share your financial pain by allowing you to write off any losses you realize on your tax return — first against whatever capital gains you have to report and then, within limits, against your other income as well.

But a failed investment does not become a possible tax write-off until you realize the loss by selling your shares. That's where tax planning comes in as the last quarter of 1998

Most types of U.S. stock funds have fallen 10 percent or more since early summer, so if you bought any fund shares in May, June or July, they may be selling now for less than your purchase price and thus eligible for tax-loss

But the best candidates of all are likely to be found in specialized areas of the market such as small-stock growth funds, emerging-markets

which have been taking a pounding since well before the Dow Jones industrial average topped out in July and started to fumble.

In the 12-month period from mid-September 1997 to mid-September 1998, for instance, emerging-markets stock funds lost more than 48 percent, as tracked by the research firm of ipper Analytical Services. Pacific funds and Latin American funds each fell more than 50

In an era of low inflation, meanwhile, goldoriented funds dropped more than 35 percent in the past year, extending a long bear market. Most people who have precious-metals investments now can use them for tax-loss pur-

Tax losses may come in handy because a good many stock funds will probably be making sizable capital-gains distributions again at the end of 1998. Many of the stocks that managers sold amid the recent market turmoil were bought at lower prices months or years before.

As experienced fund investors know, any capital-gains distributions you receive outside the protection of a tax-deferred retirement account are subject to income taxation in the year they are made, even if you automatically reinvest the money in your fund.

But any losses you have in your taxable accounts can be used dollar-for-dollar to offset taxable capital gains, whether they came in the

stock and bond funds and Asian funds, all of form of distributions or in shares you sold or redeemed at a profit.

Any time you sell part of a position in any fund, take care to follow the rules carefully so that the shares you sell are clearly identified to give you the maximum tax advantage.

Transaction costs also must be considered. The tax benefits are diminished if fund shares that you sell incur a deferred sales charge or other fee - or if you will incur significant expenses reinvesting the money someplace else.

As long as you do it right, you can usually use mutual funds for tax-planning purposes without seriously disrupting your long-term investment plan. Suppose, for instance, that you own shares of

what Wall Street wags now call a "submerging markets" fund. You want to keep money in the emerging-markets sector, suspecting that it is overdue for a rally, but also want to book your present loss for tax purposes. You can plow the money right back in the same fund, as long as you buy at least 31 days

before or after you sell, to avoid what the

Internal Revenue Service deems a "wash sale," or sham transaction. Alternately, you can invest the proceeds of your sale in a different fund that pursues the same objectives using pretty much the same strategy. If the new security yon buy is different from the one you sold, the wash-sale rule does not apply.

SEC to Unveil New Rules For Reporting Earnings

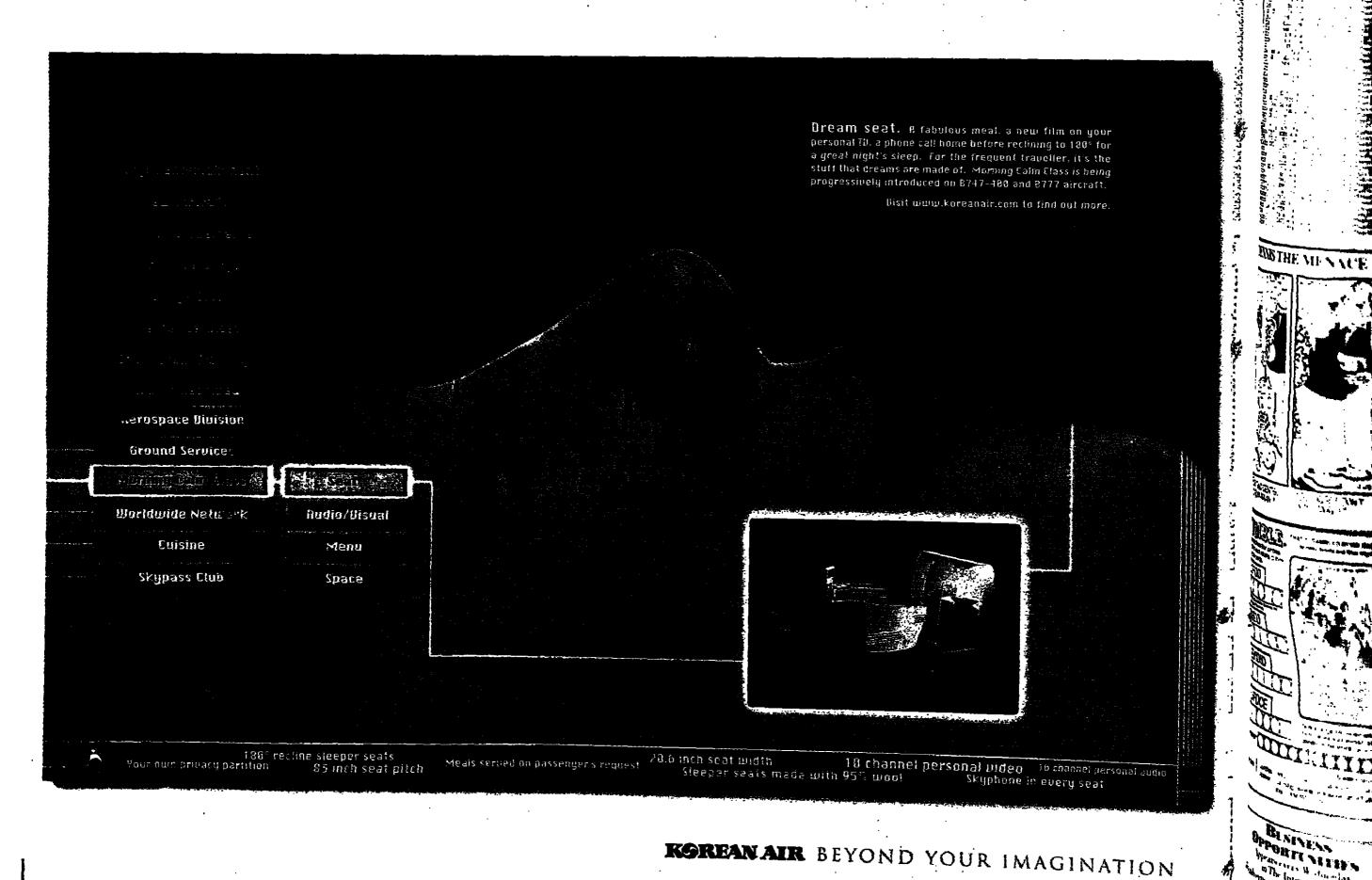
WASHINGTON — The Securities and Exchange Commission's chairman, Arthur Levitt, responding to a rash of serious corporate accounting problems, plans Monday to outline changes to improve the way companies

report earnings.
The SEC has met with executives, accounting professionals and analysts in the past two months to try to determine whether new rules were needed to prevent accounting problems like those that were recently uncovered at Cendant Corp., Sunbeam Corp. and Livent Inc.

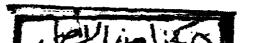
"People have said in some cases there seems to be a lack of clarity in how to account for certain things," Lynn Turner, the SEC's chief accountant, said in an interview this month. "Analysts are looking for more disclosure on some of those activities.'

The SEC would not discuss specific details of Mr. Levitt's proposal to "improve the quality of reported earnings." But the commission said the proposal would be unveiled in New York during a "major address on the state of financial reporting." financial reporting.

Recently, agency officials have expressed concern about a range of accounting practices. including the way companies write off mergerrelated items, account for restructuring costs, and record reserves for future expenses.



KOREANAIR BEYOND YOUR IMAGINATION



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SPORTS

Olano Captures Vuelta

But Armstrong's Courage Impresses Riders

MADRID - Abraham Olano and his Banesto team may have been the toast of Spain on Sunday after winning the Tour of Spain, but Lance Armstrong stole the

The American's performance in finishing fourth a year after winning a fight against cancer was hailed as "phenomenal, unrealistic and exceptional" by some of the biggest men in the game.

Armstrong was two minutes 18 seconds behind Olano, who gave Spain its first victory in seven years. Fernando

THE TOUR OF SPAIN

Escartin finished 1:23 behind Olano and Jose Maria Jimenez finished 2:12 behind, completing a Spanish sweep.

Armstrong is approaching the peak that made him a world champion five years ago. That is where he aims to be in two weeks' time. His dream is to be on the World Championship podium at Valkenburg in the Netherlands.

"He is my favorite for the world title," said Jose Miguel Echavarri, the man who molded Miguel Indurain into a world champion and five-time Tour de France winner,

'It was phenomenal," Indurain said. "After all be has been through you have to compliment him for his fighting spir-

Laurent Jalabert of France, the 1995 Tour winner and former world No. 1, also was impressed: "He is the man of the year because he came back from nowhere. He is winning races again, and what he has done in the Vuelta is exceptional.

Johnny Weltz, manager of Armstrong's team, U.S. Postal Services, said that if the Tour had gone on three more days, Armstrong would have won it.

"What he has achieved is unrealistic considering what he has been through," Weltz said. "After this he can consider himself a possible Tour winner.'

Armstrong has emphatically re-sponded to those doubters who declined the chance to take a former cancer patient on their team.

"The Tour de France was a nonevent, and many came away with nothing," said Armstrong, 27, referring to the with-drawal of Spanish teams in protest at the inquisition over doping. "So they were very prepared, and at times the speed on the flats was 75 to 80 kilometers per hour. After the first eight days there were guys already an hour behind.

When the chase was on in the mountains I had to race with a twisted wheel because if I had stopped to change it I would have lost 30 minutes, he said.

"Two days ago it was anyone's race, and I did not think I would come that close to Jimenez. For me, he is the winner of the race," Armstrong said. "At the toughest moments he was the strongest, but he had to control himself and work for Olano. If he had been allowed to let loose many of us would

have lost minutes." Jimenez, who won four stages, said he had wanted Armstrong to win the

final mountain stage at Navacerrada. "I told him to go as we approached the finish but he could not make it," said Jimenez. "I would have liked him to have won because of his great merit in fighting cancer. It would have been beautiful after that."

Marcus Zberg of Switzerland, winner of the first stage in Cordoba, won the final stage into the Spanish capital, out-sprinting Max van Heeswijk of the Netherlands with Giancarlo Raimondi of Italy third.



Abraham Olano, center, celebrating his victory and Spain's sweep in the Vuelta with Fernando Escartin, left, and Jose Maria Jimenez.

Montgomerie Wins in Cologne

The Associated Press

COLOGNE -- Colin Montgomerie's final putt Sunday ended the hopes of several challengers as he captured the German Masters by a stroke while firing a final round 67.

The Scotsman also took over as Europe's leading money-winner when his 6-foot par putt dropped in the final hole, staving off a charging Vijah Singh and Sweden's Robert Karlsson.

"I'm happy to be back," said an overjoyed Montgomerie, who had endured the deepest slump of his 12-year career earlier this season.

Montgomerie, who had the lead wrestled away when Karlsson's 8-meter (25-foot) shot from the rough dropped

in for a 13th hole eagle, finished at 22under 266 at the \$1.68 million event.

His confidence, which had nosedived when he missed several cuts in midseason, has rebounded to help him win his second tournament this month after

the One 2 One British Masters. Both Karlsson and Singh, the PGA Championship winner who pressured the Scotsman by sinking two late birdies, finished at 267 with a final round

Montgomerie's third title this year was worth \$270,000 and swept him past England's Lee Westwood on the earnings list. With just two events left, he closed in on a record sixth straight Order-of-Merit title.

long 24. Socred Heart 3 Lettigh 31, Princeton 24. OT

Maine 14 Dartmovth 3

Northeastern 24, Rhade Richmond 34, Penn 18

Ringers 27, Army 15 Towson 35, Fordham 34, OT Villanova 45, William & Mary 28

West Virginia 44, Tulsa 21 Appalachian St. 26, The Chadel 11 Florida 51, Kentucky 35

Georgia Tech 43, North Carolina 21

Florida A&M 31, Tennessee St Florida St. 30, Southern Coi 10

Konsas 39. Ala.-Birminaham 37

LSU 53, kicho 20 Louisville 52, Boston College 28

sippi College 35. Jocksopylile 14

ssissippi St. 38, South Corolina 0

Nortelk St. 46, Morgan St. 43, OT Southern Miss. 55, SW Lonistana D

Virginia Tech 27, Pittsburgh 7 Wales Forest 29, Clemnon 19

Droke 59, Quincy 34

E. Illinois 13, Tennessee 1 |Binois St. 41, S. Illinois 38

Indiana 48. Cindennali 14

Michigan 29, Michigan St. 17 rehead St. 35, Daylon 34, OT

Nebraska 55, Washington 7 Notre Dame 31, Paratue 30

Ohlo U. 37, W. Michigan 35

Texas Tech 31, Iown St. 24 Wisconsin 38, Northwester Arkansas 42, Alabama 6

Proirie View 14 Langston 13

Teges A&W 28. North Texas 9 Texas Christian 35, Air Force 34 Texas Southern 30, Howard 7

Artzona St. 24. Oregon St. 3 Boise St. 31, Utah 28 Brigham Young 43, Murray St. 9 California 24, Washington St. 14

Colorado St. 38. UNLV 16 Idato St. 43. Portland St. 47 Montana St. 37. Sacramegio St. 30

Nerodo 27, Fresno St. 24 Oregon 63, Stanford 28 San Jose St. 37, New Mexico 20

Weber St. 27, Montano 20 Wyoming 31, Louisiana Tech 19

Texas 59, Rice 21

Colorado 18. Baylar 16

sissippi 48, Southern Meth. 41, OT thwestern St. 34, SW Texas 10

Cent. Florida 38. Bowting Green 31

Maryland 30, Temple 20

SEASON: A Shot in the Arm for Baseball. Continued from Page 1 of \$15.47 this year, the increase.

dollars for tickets to watch every minute of batting practice and then to see a game. Those who couldn't be there in person numed their television sets back to baseball. Football may always be the ratings king in American sports, but baseball made dramatic gains this summer.

"I do think what Sammy and I have done is bring people back to the games," McGwire said. "And you know what? When they get back, they find there's a lot to like beside me and Sammy hitting home runs."

The home run race overshadowed virtually every other accomplishment in a season when baseball will have more teams winning 100 games and more pitchers winning 20 games than at almost any time in history.

Even the fact that the Cubs competed for their first playoff spot in nine years has been lost in the clamor over the home rım race

Fans flocked to St. Louis from Arkansas and Texas and Oklahoma, sometimes driving for hours just hoping someone would have an extra ticket to sell. McGwire's batting practice swings became must-see events. The Pirates, Reds, Brewers and Braves drew their biggest crowds of the season when Mc-

Gwire came to town. Sosa was an attraction only after hitting a record 20 home runs in June - a major-league record for a single month — but in the past few weeks, his ap-pearance at a balipark attracted similar

John McDonough, vice president of marketing and broadcasting for the Cubs, said: "I'm not sure we'll see anything like this for many, many years. We love Sammy. He's a great ambassador for baseball. The best thing Sammy has is that he's very, very genuine."

Through last Wednesday, the Cardinals had drawn 3,010,629 fans this season 553,693 more than during the same period last year. At an average ticket price

More to Re in revenue to the Cardinals' owners, not including the hot dogs, programs, partying and everything else that fans purchase John and the last at the stadium. Chicago's attendance is up by 393,136 compared to this time last year for a total of 2,583,444 fans, according to Team Marketing Report At \$14.63 per ticket, that amounts to an extra \$5.6 million in revenue to the team.

Total attendance for all 30 Major League teams is 68.8 million so far, up, 7.3 million from last year.

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Both the Cardinals and Cubs brought fans to their opponents' stadiums, with Chicago raising attendance at road games by more than 370,000 over last year and St. Louis by more than 270,000

as of last Wednesday.

Still, the NFL still draws television audiences around two-thirds larger than baseball's, and the NBC network's resular-season National Basketball Asso, ciation audiences are 55 percent higher than those for the Fox network's Saper urday baseball games.

But after years of decline, baseball is least moving in the other direction."
When McGwire broke the record with home run No. 62 in a prime-time telecast Sept. 8, it was the highest rated regular season baseball game on network television since Aug. 23, 1982.

"People have compared McGwire's

role to what Babe Ruth did in '27," said Ed Goren, executive producer for For Sports, "as far as what it's done for the

Baseball won't know how much of this summer's enthusiasm will carry over info 1999, but Sosa and McGwire have allowed the people involved in the spart in

once more feel good about themselves.

Reggie Jackson, the former slugger for the Oakland Athletics and New York Yankees and a member of baseball's Hall of Fame, spoke for a lot of players and managers when he said recently, "They make me proud to call myself baseball player.

SCOREBOARD

BASEBALL Major League Standings AMERICAN LIAGUE L Pct. 48 702 70 565 74 540 82 491 98 391 .553 .491 .450 W L Pct. GB 105 56 .452 — 68 73 .547 (7 74 86 .463 30% 65 96 .404 40 53 107 .331 51% *6*27 WEST DIVISION 97 64 .602 co 89 72 .553 Chicago (1) - Away (1); Seat. 27. Houston. lew York (1) - Away (1): Sept. 27, Allanta.

FRIDAY UNIESCORES
AMERICAN LEAGUE 000 110 901-3 7 4 316 030 01x-8 11 6

ACROSS

1 The "A" of

N.E.A

Abbatt, 3-1. L—Lodza, 3-6.

HR3—Texas, Stevens 2 (17). Scattle Griffey

Jr (56). Radmanovich (2). J. Cliver (6).

NATIONAL LEAGUE

Pittsburgs 000 000 001—1 6 0

Clinchmoti 011 002 002—4 8 0

F. Cordova, Von Poppel (7). Loiselle (8)

and Kendalt Bern, Groves (8) and Fordycs.

W—Bers, 3-2. L—F. Cardova, 13-14.

New T.J. Analysis.

W—Groves (8). HR3—Analysis. K. Young (2).

W—Bers, 3-2. L—F. Cardova, 13-14.

New T.J. Analysis.

W—Groves (8). HR3—Analysis. K. Young (2).

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Chicago 010 102

Seattle

Seattle

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willie CARP RACE
NATIONAL LEAGUS
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W.-J. Jimenez, 3-0. L.—Bennett, 5-5. Sv.—Acereto (14). HRS.—St. Louts, McGwire (64), J.D.Tere 2 (5).

Miltreuten 500 610 601—2 9 6 Les Angeles 600 900 21x—3 5 3 Woodol, A. Reyes (8) and Hughes, Mattery (8); I.Valdes, Sbow (9) and LoDuca, W.—I. Valdes, II-10, L.—Woodol, 7-9. Sv.—Show (47). HRS.—Los Angeles, Gruddelanek (10), Beitre (7).

Sen Dieso 029 908 901—2 9 8

SATTREBARY LINES-CORES
ARCHICAN LEAGUE
Bailimore 821 496 911—5 6 0
Besten 800 902 806—2 7 6
Erictoro, MBis (8), A. Benilez (8) and C.
Greene: Soberhagen, Lowe (6), Corsi (7),
Avery (3), Eciclesiay (7) and Halteberg,
Romero (7), Varilek (9), W.—Erickson, 16-13,
L.—Satherhagen, 15-8, Sv.—A. Benilez (22).

49 Shoemaker's

54 Golf ball prop

52 it jacies

(9) and Austinus. W—Limos 16-8. L—Topinsi, 19-9. HRs—Chicogo, Soan (66), Houston (9). Morrinez (29). Sentite, E. McGavirez (26). Houston, De.Bell (22). Mew York 601 110 011—5 11 1 Altembra 209 210 613.—4 10 0 R.Reed, Beltram (a), Cook (B), McAllicinet (B) and Plazza: Chen. Perez (5), De.Martinez (9) and Machada: Barbes, Rusch (4), Bavil (7), McDill (7), Pitisky (8) and Orltz. (6), Seance (8), Lightenberg (9), Rocker (9) and J. Lopez, W—De.Martinez, 4-6. L—R. Reed, 16-11, Sur-Rocker (2), HRs—Altenta, Lockhapt (9), A. Janes (21).

7. L.—Schmidt, 11-14. Sv—G. While (9). Selfve (7). Selfve (47). Hills—Los Angeics, Gruddekanek (10). Beifve (7). Sen Diego (22) 900 007—2 9 8 Arizona (23) 900 163—6 8 1 Karoan. Bookringer (6). Well (6). Randerson. Olson (9) and Silanet. Well (6). Alientic (6). Well (7). Silanet. Well (6). Alientic, Dovid (7). Silanet. Well (6). Alientic, Dovid (7). Silanet. Well (7). Silanet. (

W-JLAbbett S-0. L-Borber 2-4. HRs-Chicago, F. Thomas (29), Belle (48), Situators 2 (2). Claveland 238 bot 836-9 13 8 Situmons 2 (2).
Cleveland 200 001 530—9 11 9
Minnesoft 121 100 000—5 12 2
Nasyl, Burba (4), Poole (7), D. Jones (8), M.
Jocison (9) and S. Aloman Twelshury, T.
Miller (6), Sertrain (6), Carrusca (8),
F. Rodriguez (9) and Sleinbach, W.—Burba 15-10. L.—Tewishory 7-13. HRS—Cleveland, Justice (21). Minnesoft, T. Walter (12).
Latham (1).
MATRONAL LEAGUE
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MATROMAL LEAGUE PP
Pittsburgh 900 200 900—2 6 1
Clucianudi 900 200 213—6 8 0
Schmidt, Rincon (9) and Cisic Harnisch, G. Mippon Horn
White (8) and Toubensee, W.—Harnisch, G. Kintelsu
7. L.—Schmidt, 11-14. Sv.—G. White (9).
HRs.—Pittsburgh, K. Young (27). Cinchnarit,
Toubensee (11).
New York 900 900 900—0 7 0
Al.aifer, Wendell (6). McMichigael (8) and
Yomint 5, Yoln

T, Miller (2) and Eusebia, W—AL Clark, 9-14. L—Ja. Powell, 7-7. Sv—Beck (50). Connecticut 63, Yale 21 Cornell 17, Hoty Crass 9 Delaware 31, New Har Delaware Valley 29, La Salle 0 Duquesne 31, St. Johns, NY 3 Fairfield 24 Georgetown, D.C. 17

Soricia 800 60; 620 1—4 9 3 10 lankags Schilling, M. Leiter (7), Y. Perez (70) and Statellia; L.Hernandez, Alfonsoca (7) and

800 000 000 000 1-4 6 8 13 Junings

Byrd, Y. Perez (7), Gomes (3), Spradin (70), M. Leiter (12), Bottolico (13) and Bennett J.Sonchez, Mantel (10), Edmontson (12), Darensbourg (13), Stanifer (13) and Redmond, Zota (10). W—Stanifer 2-4. L.—Betteller 1-5. HR.—Flerida, Genz (3).

m Poppel (7), Loiselle (8)
ne, Groves (8) and Fordyce.
L—F. Cardova, [3-14,
NRS—Pittaburgh, K. Young
B. Bonne (24), Fordyce (3).
Olin 100 086—2 5 6
200 111 182—6 11 9
(7), Karchner (7), Miller (8)
no, Electron (8), B. Wogner
W—Limo 16-8, L—Toponi,
no, Soot (6-6), Lausenson, R. Kelly
Market (15). Seditie, E.
Mositeul 900 015 097—7 9 0
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900 100 713—6 9 8 Tulane 42 Nory 24 5 906 900 100—1 7 0 Virginia 24 Duke 0 thecs (7). Plank (9) and Matheny, Virginia Tech 27, PR Hughes (9); C.Perez. Maloney (7), Rath (8), Weaver (9) and Penn, W.—Karl 10-1]. L.—C. Perez 11-14. HRs-Mily (10), Los Appeles, Luige (12),

JAPANESE LEAQUES COTTAN LIAGUE TRAIL LIABOUR .

W L T Pct GR .

73 48 7 .602 —

69 55 1 .556 5%

71 60 65 0 .480 15

56 72 0 .436 20%

49 78 0 .386 27 W L T Pct 62 55 3 530 66 60 2 524 66 62 2 512

Lotte SI 69 3
SARPHIDAY RESULTS
CENTRAL LEAGUE
Yonird 5, Yokult 0
Yokuhan 5, Hinothina 3
Chenicid vs. Honothina 3
Chenicid vs. Honothina 3
Chenicid vs. Honothina 1
Orix 5, Doriel 0
Selbu vs. Kinielsu, ppd., roin
Salbanay ressults Ortz 7, Dalei 1

FOOTBALL MAJOR COLLEGE SCORES

CFL STANDINGS EASTERN DIVISION Calgary Edmonton Belt, Color PREDAY BEST Winnipes 34 Montreal 23: Toronto 30, Edmenton 29 ICEHOCKEY

NHL PRESEASON

PRIDAY Egyptile: Corolino 3. Dehrah 1 Washington 2, Plitisbu Montreal 3, Baston 2 Taxanto 6, Baritsia 2 Chicago S. Ottowa 4
Dollar S. Nashville 1
Calgory S. San Jose 2
Edmonton S. Vancouve Phoenix 3, Los Angeles 3 New Jessey of N.Y. Islanders, ccd., Toronto 2, Montreal 1

N.Y. Rangers 2. New Jersey 2 Westshington 3, Buffalo 2, OT Florida 3, Boston 3 Pilisburgh 1, Philodelphia 0 Ottowa 2. Calgary 0 St. Louis & Nashville 5 Colorado 8. Anaheim 5 enix 2 Los Angeles 0

CRICKET KARACHI YA. AUSTRALIA

Australia: 540-9 and 194-2 Karachi: 278 and 11-2. ZZERAJWY YK. SIDLA ndia won by eight wickets.

ZHARARWII VS. MOL 20 ONE-DAY INTERN SUNDAY IN BULAWAYO, ZIMBABW obwe: 235-7 lp. 45 over

CYCLING TOUR OF SPAIN

Leading placings Saturday's in 39-kilo-ceter (24-mile), individual time trial, 21st stage in Fuentabrada: 1. Alax Zvella, Switzerland, Festina. 46:36. 2. Abraham Olana, Spain, Banesta, at 1 sec. ong, U.S., US Postal Service, at 8 3. L. Attissrong, V.S. us russes servers at 4. Richard Virenque, France, Festina, 1:01 5. Jose Uris Rublers, Spain, Ketne, 1:11 6. Jose Vicente Garcia, Spain, Baneste, 1:11 7. Melder Mauri, Spain, Once, 1:21 R P. Meinert Den. U.S. Postal Service, 1-27

8. P. Melnert, Den., U.S. Postal Service, 1:27
9. Nico Molhan, Balgivan, Mayed 1:32
18.Marc Waters, Balgivan, Rabotomit, 1:32
Liesting placings Sunday in 163-kilomete(107-mile) 22d stage in Medrid.
1. Marcos Zberry, Serib., Post Swiss, 4.08:36
2. Max Van Heeswijk, Neih., Rabotomit, s.t.
3. Giancario Raimanti, Italy Breschitt, s.t. 4. Salvatore Commesso, Haly Saeco, s.t. 4. Guido Tresti, United States, Cartina, s.t. 7. Richard Chassol, Switz., Post Swits., s.t. 8. Carls Peers, Belgium, Lotto, s.t.

10. Laurent Jalabert, France, Once, s.t. FRIAL OVERALL: 1, Olding, 93.4008: 2. Personalo Escarlin, Spain, Kelme, di 1:23 3. Jose Maria Jimenez, Spain, Banesia, 2:12:4. Lance Armstrong, 2:18: 5. Jalabert, 2:37: 6. Roberto Herus, Spoin, Kelme, 2:5% 7, Alvaro Galdeona, Spoin, Euskotel, 5:51; 8, Zuelle, 6:05; 9, Marco Serpellini, Itoly, Brescialat, 8:58; 10.Marcos Serrano, Sp., Kelme, 10:17.

GOLF

GERMAN MASTERS Scores after 4th round Sunday at \$ 1.68 6,411 reater (7014 yard), par 72 course nea

C. Montgomeris, Scot.
Rabert Karlsson, Swe,
Viloy Singh, Fili
Stave Webster, Eng.
P.-U. Johansson, Swe,
Lee Westwood, Eng.
Paul Mcginley, M.
Jarmo Sandelin, Swe,
Lean Van De Velde, Br Jarmo Sandelin Swe. 66-67-74-65-272 Jean Van De Valde, Fr. 67-67-70-68-272 Padraig Harrington, Irl. 69-64-67-72-272

GENE SARAZEN JUN CLASSIC 7,135-yard (6,493-meter), par-72 Rope Club course in Strioya, Japan: (Japanese unless

MOTORRACING LUXEMBOURG GRAND PRIX

1. Mike Hakkinen, Finland, McLeren, I hour, 32 minutes, 14,789 seconds, 198,534 kph (119.120 mph) Michael Schumocher, Ger., Ferrori, et 2.212

seconds 3. David Covithard, British, McLaren, 34.164 Ledde Lovinera Grade met. cres. 58.183
 Ledde Livine, Ireland, Ferrari, 58.183
 Led. Franzen, Ger., Williams, 60.248
 Glaucario Fisichella, It., Beneffon, 61.360
 Alayander Wutz, Austria, Beneffon, 64.790 B. J. Villenewye, Cast., Williams, at 1 Jap O. Jean Alest, France, Sauber-Petronas, 1 olate; 2. Michael Schumocher, 86 points; 1.

Schumochet, 14 McLaren, 142 points; 2. Ferrari, 127; 3. Wil. Horres, 35; 4. Bernetton, 33; 5. Jord Bures, 35; 4. Beneston, 33; 5. Jordan, Honda, 31; 6. Sauber, 10; 7. Arranes, 6; 8. Stewart, 5; 9.

leneuve, 20: 6. Hill and Worz, 17: 8. Fisichello. 14: 9. Heinz-Harold Frentzen, 15; 10. Raff

Coulthard, 52; 4. Irvine, 41; 5. Jacq

RUGBYUNION

SOUTH PACIFIC TOURNAMENT SATURDAY IN BRU BANE, AUSTRALIA Austrolia 25. Samon 13 FINAL STAND FRIAL STANDS OF THE 2 PARTIES OF T

POGLA
Lianess, Wates. 22. Begies Bordeoux, Fr. 10
Leingter, Ireland. 17, Stode Francois 28 POOL B Munister, Indiand, 34 Neath, Water, 10

POOL D ritypridå, Wales. 32 Colomiers 27 eviso, Italy, 34 Glasgow Caledonic

Peregueux Fr., 40, Rocing Club. Fr., 18 Rovigo, Huly, 18, Coerphilly, Wales, 6 Aberavan, Wales, 12, Roma, Haly, 30

Spoin 61, Castres, France 15 Day, France 24, Manfarrand, POOLC nso Bucharest 45, Bridgend, Wales, 43

Portugal 7, Baive, France, 85 Paul, France, 37, Bioritz 3

SOCCER Eintrocht Frankfurt 3, Neremberg 2 Hamburger SV 1, Hansa Rostock 0 1860 Manich 2, Heatho Berlin 0: chalke 0, Bayer Leve Banasia Dorimund 2. VfL Wolfsberg

FC Keiserskeitern 2. VfL Bochum 3. STANDINGS: Bayers Munich 18 points: 1860 Munich 13; Bayer Leverlusen 11; Hamburg SV 11; Stuffgart 10: Koisenstautern 10; Bochure 9; Freiburg 9; Hertha Beziin 9; Nuremberg 7; Borussia Dortmund 7; Scholik G4 7; Dutsburg 4: Borussia Moenchenglad both 5; Eintracht Frankfurt 5; Werder Bremen 4: Herrsa Rostock 4: Welfshore 3

ITALIAN FREST DIVISION AS Roma 2, Venezia 0 Cogliani 5. San Emooli 1. Jule: Alikan 2

ugio 2. Lozio 2 cenzo 2, Vicenzo 0 STANDUNGUE: Florentina 9 points: Ud-inste 7; AS Romo 7; Inter Alben 7; AC Milan 6; Juventus 4; Bori S; Parma S; Cagilad 4; Pf-coenza 4; Lazio 3; Perugia 2; Sampdoria 2; Vicenza 1; Venezia 1; Empoli 1; Balogna 1;

Safemiliana (). Athletic Biboo 2. Real Madrid 3 /alicdolid 3. Volencia 1 Barcelona 2, Cetto Vigo 2 Affeitico Madrid 4, Real Sociedad 1 Real Bells 1, Extremadura 1 SCOTTISM DOSMING DA

Aberteen 9 , Autramock ;
Celite 1, Hearts 1
Dundee 1, Motherwell 0
Dunfermiline 0, Rangers 2
St. Johnstone 1, Dundee United 3 INCLUSE PRINCIP LIAGO

Aston Ville 1, Derby 0 Charlton 1, Coventry I Cheisea 2, Middlesbrou Everton Q. Blackburn Q Newcostle 2. Nottingham Forest 0 Shelffeld Wednesday 1, Arsenal 0 om 2 Leeds 3 **TANDINGS: Asion Villa 17 points; De 12: Wimbledon 12: Newcastle 11: Man Un

12: Wintbledon 12: Newcastle 11; Man United 11: Leeds 11; Liverpool 11; Cheisse 11; Acard 11: Leeds 11; Liverpool 11; Cheisse 11; Acquel 10: Shefffeld Wednesday 9; West Harn 9; Alddiestrough 9; Tothenham 8; Charlton 7; Everton 7; Notfingham Forest 7; Leicester & Blackburn 5; Covertry 5; Southampton 1. **DUTCH FIRST DIVISION**

Combust Lectivarden 2. Coeffichem 0
Roda JC Kartonde 9, RKC Woolwijk 0
RCK Nijmegen 2, Herenween 0
Fortma Sifkerd 6, MVV Moustlicht 1
Feyenoord 3, Willem II Tiburg 2
Vitesse Arnhem 5, Sporia Rofferdam 1
Ajox Amsterdam 1, NAC Nijmegen 0
AZ Allanoord 4, PSV Eindhoven 1
Utrecht 0, Twente Einschede 3
STANIONICES Feyenoord 18 points
Vitesse Arnhem 16 Twente Einschede 16:
Ajox Amsterdam 14 Heerenveen 12: Nijmegen 11; Utrecht 11; Tiburg 11; Allemon 10: Ajor Amsterdam 14: Herrenveen 13: Nijme-gen 11; Utrecht 11; Tilburg 11; Allsmagr 10; Graafschap Doelinchem & Eindoven 7: Breda & Moostricht & Karlande 5; Siburd 5; Cumbour Leeuwarden 5; Sparta Rotterdam 4;

HERICA FIRST DIVISION Sochaux I., Parks St Germain 0 Monaca 3. Le Havre 0 Lens 2, Nantes 4 Bordeaux 4, Rennes 0 Strusbourg 2, Montpellier | Lonent 1, Metz | Nancy 0 Lyon 0

STANDAMON: Bettledux 19 points; Lyon 15: Marseille 15: Monaco 14: Nomes 13: Aux-cre 17: Remes 11: Parts St Cemoin 10; Strusbourg 9: Montpellier & Lorient 7: Nomey 7: Lens 7: Bootin 7: Toolouse 6: Metz 4: MAJOR LEAGUE SOCKE MetroSites I, New England () Colorado 3, DoRos I

STANGERGE; Eustern Conference: y-D.C. 57 points: x-Columbus 45; x-NY-NJ 39; x-

Washing Chicago Sc x-Colored 44 x-Dollas acs City 32: Som Jose 30. 37; Kaneas Cuy 32; 30x Jos 2-clinched playoff berth y-clinched conference title CORAFA CUP FINAL SUNDAY PI HARAHE Zimbobwe (), Zombiq ()

TENNIS TOYOTA PRINCISS CUT IN TOKYO

DAYIS CUP WORLD GROUP BEMEPOLALS TALY 3, LIGHTED STATES 0

Gordenzi, Italiu det, Jan-Mic Gorat 0-4.7-6 (7-0), 7-6 (7-0) Dov. unstill Hoty, def. Todd Morat. U.S., Fig. 1-5 (7-0), 6-3, 7-6 (10-6). U.S., Fig. : 4 (7-0), 6-3, 7-0 (10-0).

Diago Norgiso and Goudenzi, italy, def.
Justin Ginetalob, and Martin, U.S., 6-4.74 0-3).5-7,2-6-3. SWEDEN 4, SPAIN 1

Jones Bjorkman and Nickles Kriff Sweden, det Javier Sanchez and Julian Alonso, Spain, 6-2, 6-2, 6-2. Sjorkman def. Carles Mayo, Sp., 6-3, 7-57. Alanso def. Thomas Johansson, Swe, 6

AUSTRALIA E, UZBEKISTAN O Todd Woodbridge and Mark Woodforde, AUS., def. Oleg Ogarodov and Dmitri To-mashevich Uzb., 6-3, 7-6 (7-3), 7-6 (7-4). Pat Roffer, Australia, def. To

CZECH REPUBLIC 5, SOUTH AFRICA 0 David Riki and Jiri Novak, Czech R., dait Nayne Ferreira and Piet Norval, S. Africa Bohdan Ulihrach, Czech R. def. David Slave Dosedel, Czech R., def. Norvol 6-1, 4,

Guillaume Rooux and Jerome Go Harel Levy, Israel, def. Cedric Piolitic France, 3-4, 6-1, 6-2.

Nicolas Escude, France, def. Americans Scude, France, def. Americans S. 6-2.6-1.

METHERLANDS S. ECUADORO

Poul Hearhuis and Jacco Ettingh, Nature enands, def. Nicolas Lapertiti and Agest Gamez, Ecuador S-7, 6-1, 6-3, 6-7 (7-1)23

Jan Siemerink, Neth., def. Global Lapertiti, Ecuador 6-2, 6-1.

Sieng Schotken, Neth., def. Luis Mara Ecuador, 6-0, 6-3.

Moral Safin and Yevgeny Kafeinikan sia, def. Takon Suzuki and Golchi Matura Japan, 7-5, 6-3, 4-4, 6-2 Suzuki del Phat RISSSIA S. JARAM 2 Suzuki del. Kirili iyanov-Smola

skt. 6-4, 6-4. Molamura def. Alexander Volkov, R 6-3. match abandoned due to rain, Mala BRITAIN 3, MOIA 2 Leander Paes and Mahesh Bin tols, 7-6 (7-2), 6-3, 7-6 (7-3), Henmon dei, Poes 7-6 (7-3), 6-2 7-6 (7-3) Bhupathi def. Chris Willdrason, Brit. 6-3 (

GRAZEL 2, ROMANEA 6 Gustovo Kverten and Jaime Onches, Brazil def. Andrei Povel and Gabriel Trifs, Ro monio, 7-5, 6-4, 6-4.

SLOYAKIA 1, ARGENTINA 1 ARRICAN ZOSE GROUP 1, RELEGATION PLAYOFF INDIG 2, Mexico 1 GROUP 2, FINAL Uruguay 1, Venezueja 1 MURO-APPLICATE ZORE

Norway 2, Creatia 3 Austria 3, Denmark 0 GROUP 2, THIRD ROUND Portugal 4, Hungary I Ivory Coast 1, Selatus 4 ASIA-OCEANIA ZONE SPOUP 1, RELEGATION PLAYOFFS 🦿

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SEATTLE—Signed RHP Cho Sound Bust-CINCINNATI—Signed Ron Ossier, carding 1-year contract extension through 1999. FOOTBALL NATIONAL POOTBALL LEAGUE

CAROUNA Signed CB Eric Doors to CRO+ tract extension through 2001 PHILADELPHIA-Put T Rheft Holl on in-M-Vaced to paint with D Totaling.
Wational Hockel Ferenz Girard on 3-year contract.

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Folinched. D. Matth Aprilin and G Marty Tests.

lo Michigan, IHL MASHVILLE—Assigned D Kol Llone D Korks Skrostinstv F Petr Sykoru, F Driff, Gossolin, F Markos Clear, F Petr Sykoru, F Driff, Gossolin, F Markos Clear, F Petr Sykoru, F Driff, Gossolin, F Markos Novers to Milmoustee, IHL and Rob Volicevic to Houston, IHL. and N.Y. RANGERS—Agreed to terms with Riff, Todd Harvey on 2-year contract.

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SPORTS

Peraluation 2 More to Reach 70 McGwire Smashes

Sosa Holding at 66 as Cubs Face the Astros

The Associated Press ST. LOUIS - Mark McGwire ended his season as mightily as he started it.

McGwire hit his 69th and 70th homers on the season's last day, a fitting finale

for a record-smashing year he began with a grand slam on opening day.

Big Mac, who hit five homers on the final weekend, connected against a Montreal rookie, Mike Thurman, in the third inning Sunday, then homered off Carl Pavano for No. 70 in the seventh. McGwire moved four homers ahead of Sammy Sosa and nine — nine! — in front of Roger Maris's old record.

McGwire, who got Nos. 67 and 68 on Saturday, hit a 1-1 fastball 377 feet into the left-field seats. After stomping on

BASEBALL ROUNDUP

home plate, he took a few slow steps, then made several salutes to the crowd. The usual sellout crowd that had second well before his at-bat demanded ad got not one, but two, curtain calls. Gary Woodson, 41, from Maryland Heights, Missouri, wound up with the ball and said he did not know what he

would do with it. McGwire began the season with a grand slam March 31 against Ramon Martinez of the Dodgers. He led the home run race all season except when Sosa twice passed him briefly — and then for only 103 minutes in all.

Sosa led the race for 58 minutes on Aug. 19 before McGwire regained the lead with his 48th and 49th homers in the same game at Chicago, and Sosa led for 45 minutes Friday when he hit his

66th before McGwire answered. Sunday was the Cardinals' final game of the season. Sosa's Cubs were playing at Houston in a game that could end their regular season or send them into a playoff game for the NL wild-card spot. Braves 7, Mets 2 A disastrous final

week for the New York Mets ended with a miserable last day. The Mets, who had a one-game lead in the NL wild-card race going into their sail five games, were eliminated from the playoffs with a 7-2 loss to the Braves

 Contending for their first postseason appearance since 1988, the Mets

bombed out, going 0-5 and scoring just seven runs in their last 44 innings.

New York, which dropped out of a three-way tie by losing 4-0 Samrday, began Sunday one same behind Chicago and San Francisco, needing a victory over the Braves and losses by both the Cubs and Giants to force a three-way playoff. Atlanta, which has won seven straight division titles, quickly ended that illusion with a four-run second inning.

Unlike the Mets, who wasted numerous chances during the three-game sweep, the Braves scored their first six runs with two-outs hits and went on to their team-record 106th win. They open the playoffs Wednesday against either the Cubs or Giants.

Blue Jays 2, Tigors 1 In Toronto, Roy Halladay, pitching just his second major-league game, came within one out of a no-hitter, losing his bid when a pinchhitter, Bobby Higginson, homered in the Blue Jays' victory over Detroit. Halladay (1-0) earned his first victory

in the majors, striking out eight and walking none. The 21-year-old right-hander was

trying to become the first rookie to pitch a no-hitter since Wilson Alvarez did it for the Chicago White Sox against Bal-timore in 1991. Halladay had little trouble taking his

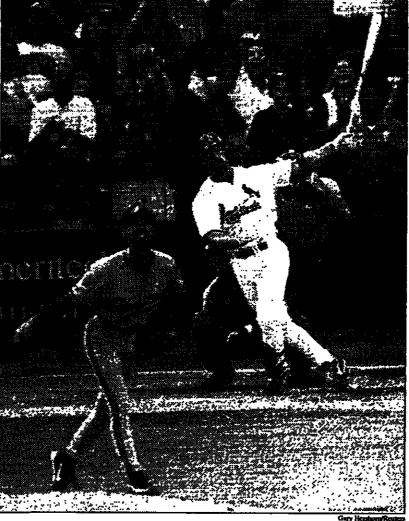
no-hit try into the minth inning. The Tigers' only runner until then was Tony Clark, and he reached on second baseman Felipe Crespo's error in the fifth

Halladay began the ninth by retiring rookie Gabe Kapler on a fly ball to left field and got pinch-hitter Paul Bako on a But Higginson, batting for Kimera Bartee, hit the first pitch for a no-doubt,

opposite-field drive to left for his 25th Halladay then ended the game on his next pitch, getting Frank Catalanotto on

a lineout to shortstop. Reds 4, Pirates 1 The Cincinnati Reds ended their season by putting together the majors' first all-brother infield and beating the Pittsburgh Pirates on Aaron Boone's three-run homer.

When the Reds took the field in Cincinnati, there was Stephen Larkin at first, Bret Boone at second, Barry Lar-



Mark McGwire of the St. Louis Cardinals watching his record-setting 69th home run of the season soar toward the left-field seats Sunday.

kin at short and Aaron Boone at third. By sweeping the three-game series, Cincinnati finished a game better than last year. The Reds were 77-85, fourth in the NL Central, with the fourth-smal-

lest payroll in the major leagues. In games played Saturday: Expos 7, Cardinals 6 McGwire hit his 67th and 68th home runs in the Car-

dinals' loss to Montreal. He hit No. 67 off Dustin Hermanson in the fourth inning, then connected again in the seventh for a two-run, 435-foot shot off the rookie pitcher Kirk Bullinger. Cubs 3, Astros 2 In Houston, Sammy

Sosa, who hit his 66th home run Friday night, went 2-for-4 with a pair of singles and scored the go-shead run in the

Chicago (89-72) remained tied with San Francisco (89-72) for the National League wild-card lead going into the season's final day.

With the score 1-1 and one out in the eighth inning, Sosa singled off Jay Powell (7-7). Mark Grace also singled, and both runners then scored on a two-out double by Gary Gaetti. Giants 8, Rockies 4 In Denver, Stan

Javier homered twice to double his season total as the surging Giants, who trailed Chicago by five games just nine days earlier, won their sixth straight and remained tied with the Cubs in the wild-

Braves 4, Mets 0 In Atlanta, New York (88-73) lost its fourth straight and dropped out of a tie for the wild-card race. The Mets, who had scored just five runs in 35 innings, needed to win Sunday and hope that both Chicago and San Francisco lost.

Marlins 4, Phillies 3; Marlins 1, Phillies o In Miami, Curt Schilling became the fifth pitcher in major-league history to strike out 300 batters in consecutive seasons, fanning Kevin Orie in the seventh inning of a doubleheader opener. Orie was Schilling's seventh and final strikeout victim of the game. Schilling struck out 319 last season. Florida won in the 10th inning on Dave Berg's twoout double off Yorkis Perez (0-2). In the second game, Alex Gonzalez's

13th-inning homer off Ricky Bottalico (1-5) gave the Marlins their first doubleheader sweep.

Diamondhacks 3, Padres 2 In Phoenix, Matt Williams hit his 299th career homer and Gregg Olson got his 30th save. Reds 6. Pirates 2 In Cincinnati. Eddie

Taubensee hit a three-run homer and Pete Harnisch (14-7) became the Reds' first 14-game winner since Pete Schourek went 18-7 in 1995.

Brewers 6, Dodgers 1 Marquis Grissom homered twice and Scott Karl pitched shutout ball for six innings as visiting Milwaukee beat Los Angeles.

Without Elway's Help

Broncos Rout 'Skins,

For the first time in nine years, the Denver Broncos won a game without John Elway. Of course, the way the Washington Redskins are self-destruct-

ing, almost any quarterback will do.
As it was, Bubby Brister did the honors Sunday — even running the bootleg right, the play on which Elway recently injured his hamstring — to perfection for a touchdown pass. That started the un

NFL BOUNDUP

beaten Super Bowl champions on their way to the 38-16 rout in Landover, Maryland.

Brister was 16-for-24 for 180 yards and two touchdowns for the Broncos (4-0), who have won nine straight and broke an 0-7 streak without Elway, who de-cided to rest his leg and did not suit up. The last time the Broncos won without him was in 1989 at Washington, when Elway had the flu and Gary Ku-

biak, now Denver's offensive coordinator, subbed in the 14-10 victory. The Broncos cruised because the Redskins (0-4) found all sorts of ways to stop themselves, some of them new,

some of them reruns in a season that has seen them outscored 83-26 at home. Many of the Redskins fans who remained in a near-empty stadium at the

end took their frustrations out on coach Norv Turner, chanting "Norv Must Cary Blanchard, the Skins' third kicker in three weeks, had a 39-yard

field goal negated by an illegal for-mation penalty. He then was wide left from 44 yards, the fifth consecutive miss by Redskins' kickers. Blanchard later hit a 37-yarder, but by then the game was out of reach. Darrien Gordon, a Denver corner-

back whom the Washington receiver Leslie Shepherd dismissed as "a punt returner" last week, stepped in front of Shepherd to pick off a balloon of a pass - Trent Green was hit throwing the ball - and returned it 55 yards for a touchdown. It made the score 17-0 in the second quarter.

After a 5-yard touchdown run by Terry Allen cut the score to 17-7 and gave the Redskins some momentum, Green drove his team to the Denver 25. But Keith Burns and Keith Traylor applied pressure, and tackle Trevor Pryce got his first career interception. The Redskins now have a minus-11 turnover differentital. Terrell Davis, who rushed for 119

yards on 21 carries, ran untouched past two high-paid run-stoppers, Dana Stubblefield and Dan Wilkinson, and the rest of the defense for a 42-yard TD to make it 24-7. Davis has 489 yards and six TDs in four games. The Redskins have allowed an average of 160 yards rushing per game.

Brister feasted on Cris Dishman, a Pro Bowler last year who hasn't played well this season. Dishman wasn't close to Ed McCaffrey on Brister's 19-yard bootleg TD pass, nor did he hang with McCaffrey on a 45-yard pass that set up Howard Griffith's 14-yard TD reception that made it 31-7. Indicative of the Broncos' confidence

was an audacious third-and-1 reverse run for 37 yards by Rod Smith on Denver's first drive. Cardinals 20, Rams 17 The Cardinals

felt right at home back in St. Louis. Arizona scored 14 points in a 50-

second span of the second quarter and won its St. Louis homecoming Sunday over the Rams.

Joe Nedney's 29-yard field goal with 4:04 to play gave Arizona (2-2) its second straight victory. The score was set up by a 43-yard pass interference penalty on Dexter McCleon.

The game was the Cardinals' first regular-season contest in St. Louis since the team's owner, Bill Bidwill, took the team to Arizona from St. Louis fol-

lowing the 1987 season.

The Rams (1-3) lost their eighth straight home game, wasting a strong showing by Robert Holcombe, a rookie running back, who rushed for 84 yards and scored twice.

Holcombe, the Rams' second-round draft pick, was inactive for the first three games. Dick Vermeil, the St. Louis coach, started him in place of Greg Hill, who is out at least 8-10 weeks after breaking his leg last week.

The move paid off. Holcombe scored from the five-yard line in the first quarter to put the Rams on top 7-0. He also scored from the four to tie the game with 9:52 to play.

But Cardinals quarterback Jake Plummer, who was 21-for-31 for 211 yards and no interceptions, drove Arizona 75

yards to set up the winning field goal, thanks in large part to McCleon's gaffe. The Rams had been outscored 35-0 in the first quarter this season before Holcombe's score.

The Cardinals broke an even more depressing streak of their own when Nedney kicked a 22-yard field goal with 11:40 to go in the half. It marked the first points Arizona has scored in the first half all year. Later in the quarter, Arizona took control. Plummer took the Cardinals 65 yards in 11 plays, lobbing a 13-yard scoring pass just over McCleon to Frank

Sanders with 1:55 to go in the half. The Rams then self-destructed. The offense went failed to make a first down. the punter, Rick Tuten, shanked a 38yarder and Plummer drove Arizona 44 yards in 23 seconds, in large part because of a face-mask penalty and another pass interference penalty on McLeon. Adrian Murrell scored from the four-yard line.

The Cardinals gave St. Louis a return gift. Tony Banks was headed out of bounds near midfield with six seconds to go in the half when rookie Andre Wadsworth gave him a shove. The 15yard penalty moved the ball to the Arizona 40, and Jeff Wilkins kicked a 57vard field goal to make it 17-10.

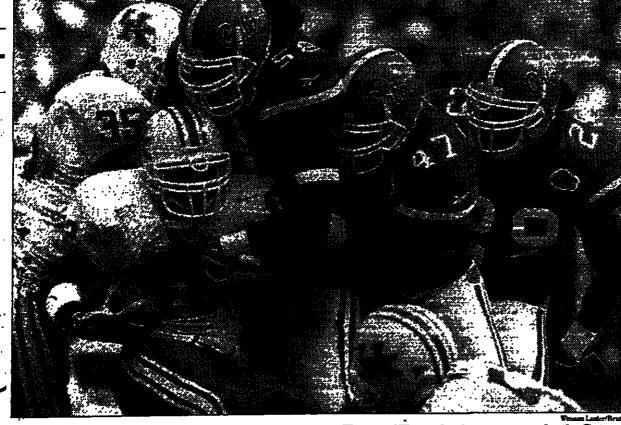
Banks connected with J.T. Thomas on a 32-yard pass, setting up Hol-combe's tying 5-yard run early in the fourth quarter.

■ Eagles Sideline Injured Tackle The Philadelphia Eagles defensive

tackle Rhett Hall is through for the season, placed on injured reserve after fracturing his kneecap, The Associated Press reported. Hall, who may have hurt his left knee

during the second game of the season at Atlanta, cannot play again until he enters the free agent market after the season.

X-rays last Monday revealed the stress fracture. Hall, 29, tore knee ligaments during the 15th game last year against the Falcons. He had tendinitis early this season and injured his knee while jumping offside against Atlanta two weeks ago.



Florida defensemen swarming over the ball carrier, Derek Homer of Kentucky, in a game won by the Gators.

No. 2 'Huskers Trample Huskies, 55-7

LINCOLN, Nebraska — One play, one pitch to DeAngelo Evans was all

Bobby Newcombe was wishing for against the Washington Huskies. The Nebraska quarterback had sat out the past two games with a torn knee ligament. Evans, the I-back in the groundgobbling Cornhusker option, had been out for 21 months trying to overcome a medical chart worth of injuries.

Newcombe and Evans got a whole lot more than a pitch together, much to the detriment of No. 9 Washington, which was overwhelmed by No. 2-ranked Nebraska, 55-7, on Saturday.

The crowd of 76,372 — Nebraska's 223d consecutive sellout — watched the dio demoralize the Haskies, driving the Cos buskers to a 35-7 lead at halftime and sever looking back.

They combined for six touchdowns. They also reasserted something that has

been forgotten in the team's three previous games: that Nebraska is first and foremost a running team. The Cornhuskers gained 434 yards rushing, nearly double their average this year. We made a statement as a team," said Evans, who carried 13 times for 146

yards and 3 touchdowns. "This is Nebuska, and we're going to do what we do - run the ball at you. Newcombe, who was back after tearng a ligament in Nebraska's opener, natched Evans's brilliance play for play nd engineered drives of 82, 90 and 60 ards. He carried the ball 14 times for 79

ards and 3 touchdowns. He was 5 of 8 assing, for 84 yards. On defense Nebraska was just as Minating, holding the Huskies to 273

noxville, Tennessee, Tee Martin threw our touchdown passes and Jamal Lewis rushed for 135 yards and scored twice. for a 1-yard score, and Nick Davis The Volunteers (3-0) drew 11 penalties scored on a 68-yard punt return for the and committed two turnovers, but still beat the Cougars (0-4) in the first meeting between the teams since 1965.

No. 5 Kansus State 62, NE Louisi Michael Bishop threw for 441 yards and four TDs, including a school-record 97yarder to Aaron Lockett, as host Kansas State won its 12th straight.

No. 6 LSU 53, Idaho 20 Kevin Faulk scored four touchdowns and set a school

COLLIGE FOOTBALL ROUNDUP

record for yardage as No. 6 LSU (3-0) beat visiting Idaho. Faulk increased his yardage total to 5,397, breaking the mark of 5,326 set by Dalton Hilliard in

No. 8 Florida 51, Kentucky 35 In Gainesville, Florida, Doug Johnson threw for five touchdowns and Nafis Karim caught three TD passes in less than three minutes for Florida (3-1, 1-1 Southeastern Conference). Tim Couch broke Kentucky's record for career passing yards, completing 40-of-61 for 406 yards and three TDs, including a 97-

yarder to Craig Yeast. No. 10 Florida State 30, No. 18 Southem California 10 Chris Weinke threw for 228 yards and two touchdowns in a game that featured periodic downpours caused by Hurricane Georges. The host Seminoles (3-1) forced five turnovers and held Southern California (3-1) to three completions for 23 yards passing.

No. 11 Virginia 24, Duke o In Durham, North Carolina, Virginia's defense forced eight turnovers and Aaron Brooks atoned for a poor passing day with a 57-yard scoring run. No. 14 Wisconsin 38, Northw

Ron Dayne rushed for 168 yards, Mike

Samuel threw a 60-yard TD pass and ran

host Badgers (4-0, 1-0 Big Ten). No. 15 Colorado 18, Baylor 16 Adam Bledsoe, a backup quarterback, com-

pleted a 44-yard pass to Darrin Chiaverini to set up Jeremy Aldrich's 31-yard field goal with 2:00 remaining, as host Colorado (4-0) held off Baylor. No. 17 Texas A&M 28, North Texas 9

At College Station, Texas, Chris Cole caught six passes for 174 yards and three touchdowns for No. 17 Texas A&M Texas A&M announced Wednesday that it had declared fullback D'Andre Hardeman ineligible and had forfeited a 28-7 victory over Louisiana Tech, giving A&M a 1-2 record.

No. 19 West Virginia 44, Tulsa 21 Amos Zereoue rushed for 192 yards and three touchdowns to lead host West

Droughns rushed for 214 yards and three TDs and Akili Smith threw for four scores for host Oregon. Oregon (4-0, 1-0 Pac-10) piled up 664 yards in offense and scored its most points since a 97-0 defeat of Willamette in 1916.

Arkansas 42, No. 22 Alabama 6 In Fayetteville, Arkansas, Clint Stoemer threw three TD passes and Arkansas (3-0, 1-0 SEC) shut down Shaun Alexander Alabama (2-1, 1-1) had just five first downs after three quarters. No. 23 Notre Dame 31, Purdue 30 TONY

Driver made two key interceptions in the closing minutes and Jim Sanson kicked a 17-yard field goal with 57 seconds left for host Notre Dame. Arizona State 24, Oregon State 3 Ryan Kealy threw two touchdown passes and Arizona State's much-maligned defense

held visiting Oregon State to nine yards

rushing as the Sun Devils beat the

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Herald Eribune **SPORTS**

Seles Wins in Tokyo

TENNIS Monica Seles beat Arantxa Sanchez-Vicario for the Toyota Princess Cup title for the third consecutive year Sunday, again using her firepower to overcome the Spaniard's speed and

Seles's 4-6, 6-3, 6-4 victory in the 2-hour, 17-minute match left Sanchez-Vicario with four straight losses in the Toyota finals after she had won the tournament in 1994. She lost to Mary Pierce in 1995.

In the final set, Seles, seeded second behind the French Open champion, saved two break points in the second game - which she closed out with two aces. She saved two more in the fourth on her way to winning the 43d singles title of her

 Anna Kournikova, the 17-yearold Russian, won her first title on the pro tour Sunday, joining Seles

to win the Princess Cup doubles. They won, 6-4, 6-4, in the final against Sanchez-Vicario and Mary Joe Fernandez.

Match Leads to Deaths

SOCCER Frenzied fans clashed and fired gunshots during a soccer match on Sunday, killing at least two people and injuring 40 others in a tribal area in Bangladesh, an official said.

The military was called in as the fighting spread to Dighinala, a township 175 kilometers (108 miles) southeast of Dhaka. The clash erupted 12 minutes before the final whistle as one of the teams took a 2-0 lead.

WORLD ROUNDUP Police and Fans Clash As Lazio Draws, 2-2

The Associated Press

ROME - There was a little bit of everything in the Italian League game Sunday between Perugia and Lazio of Rome — tear gas, two expulsions, a goal by the Japanese midfielder Hidetoshi Nakata and a spectacular free kick by Sinisa Mihajlovic — everything, that is, except Lazio's first victory of the

When police fired tear gas into the stadium section holding unruly Lazio supporters late in the first half, smoke

EUROPIAN SOCCER ROUNDUP

drifted onto the field and into the eyes of several players. The referee stopped action for about five minutes, canceled firsthalf injury time and then delayed the start of the second half by 10 minutes. Hundreds of the 20,000 fans at Ren-

ato Curi Stadium left at halftime, complaining they could not see, the ANSA news agency reported. Police battled in the stands and outside the stadium with

some of the 2,500 Lazio supporters.
The match ended 2-2 as Lazio salvaged a draw — its third straight on Mihajlovic's curling 30-meter strike, which found the roof of the net with 18 minutes remaining. Perugia had gone ahead 2-1 in the 64th minute on Nakata's diagonal shot from seven meters out, the third goal for the second Japanese player in Serie A.

While Lazio continues to languish in the middle of the standings despite a \$65 million offseason spending spree, Internazionale of Milan moved into a tie for second place by escaping Empoli with a 2-1 victory.

Once again, Nicola Ventola carried Inter Milan when the established stars Ronaldo and Roberto Baggio could not. With the two veterans sidelined by injury, Ventola, a 20-year-old playing his first full season in Serie A, hit the winner in the 37th minute. Empoli led 1-0 after 13 minutes but finished the game with midfielder Pier Paolo Bisoli in the

captain Daniele Baldini were ejected.
Elsewhere Sunday, Cagliari trampled
Sampdoria, 5-0, handing the Genoa club
its worst loss in more than 40 years, and Piacenza defeated Vicenza 2-0.

goal after goalkeeper Matteo Sereni and

GERMANY Ralf Weber scored two goals, including the winner three minutes from the end, to give Eintracht Frankfurt its first Bundesliga victory of the season Sunday in a 3-2 victory over

Nuremberg. Weber put Eintracht ahead in the 20th minute before Andrei Polunin scored the equalizer 10 minutes later. Christoph Westerthaler regained the

lead for the home team in the 77th minute, but Sasa Ciric scored his third goal of the season for Nuremberg to tie again in the 85th. Weber fired in his second two minutes later to send Nuremberg to its first defeat of the season.

FNGLAND Leicester's Matt Elliott scored in the 88th minute Sunday to salvage a 1-1 draw, negating Robbie Earle's header for Wimbledon in the 74th at Leicester.

A victory would have moved Wimbledon into second place behind league-leading Aston Villa in the Premier League. Instead, Wimbledon moved into third behind Derby, both with 12 points. Aston Villa's 1-0 home



Leicester's striker Emile Heskey, foreground, battling for the ball with Michael Hughes of Wimbledon in their Premier League game Sunday.

victory Saturday over Derby on Paul Merson's 15th-minute strike kept the Birmingham team at the top of the league with 17 points and an unbeaten record in seven league games.

NETHERLANDS Bobby Robson's PSV Eindhoven continued its nightmare league season Sunday with a 4-1 hammering at AZ Alkmaar. Its third defeat meant that PSV, which finished second in the Dutch premiership last

season, would languish in 11th position with just seven points from six games. Champion Ajax also performed well below par but managed to down NAC Breda, 1-0, thanks to Ronald de Boer's first goal of the season. Ajax is fourth with 14 points from seven games, and Feyenoord still leads. Both Ajax and PSV face teams in the Portuguese Champions League on Wednesday, with Ajax hosting Porto and PSV at Bentica.

Hakkinen Victorious in Luxembourg **Grand Prix**

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By Brad Spurgeon International Herald Tribune

NURBURGRING, Germany - Mika Hakkinen and his McLaren-Mercedes team outdrove and outmancuvered Michael Schumacher and the Ferrari team on Sunday to win the Luxembourg Grand Prix.

The result ensured that the suspense

surrounding who will win the Formula-One drivers' title will last until the final race of the season, on Nov. 1 in Japans. Under ominous rain clouds, Hakkings got off to a good start from third place of the grid, but remained behind the two.
Ferraris, driven by Schumacher and Es

die Irvine, which were first and second? Irvine had immediately overtaken Schumacher at the start of the race. But after Irvine made a driving error at the chicane before the straightaway at the end of the first lap, the German retook the lead to the deafening cheers of his home crowd of 140,000.

By lap 14, Schumacher was running 7.7 seconds ahead of Hakkinen. The Finn put on the pressure and proceeded to close the gap with Schumacher until he was only 5.7 seconds behind after 22 laps. On lap 24 Schumacher made his first pit stop, and it lasted 8.6 seconds. He came out 15.7 seconds behind Hakkinen, but the Finn then set the fastest lap, and gained ground before he stopped in the pits on lap 27.

His stop lasted only 8.7 seconds, and in one of the two decisive moments of the race, he re-entered the track just ahead of Schumacher, causing the Ferrari to swerve slightly as Schumacher braked into the first corner to avoid

ramming into Hakkinen's tail end.

After one more lap Hakkinen had lead of 0.7 seconds. It was the beginning of a war of nerves between the two drivers as the two proceeded to race over the next 10 laps with less than a second between them, with Schumacher pressing his Finnish rival incessantly.

Hakkinen came out the winner as he maintained his position, and never made a mistake. Schumacher, on the other hand, went partly off the track on lap 42 after locking his brakes on a corner.

The German driver finished the race 2.212 seconds behind the Finn, who completed the 67 laps of the 4.556 kilometer-long track (2.831 miles) in 1 nour 52 minutes and 14.789 seconds to an average speed of 198.534 kilometers an hour. David Coulthard, in the other McLaren, came in third, Eddie Irvine in the other Ferrari came in fourth, followed by Heinz-Harald Frentzen in a Williams and Giancarlo Fisichella in a

Schumacher, who came to Sunday's race on an equal-points footing with Hakkinen, must now finish either first second at the Japanese Grand Prix at Suzuka - with Hakkinen finishing no better than third - to win his third drivers' title. Hakkinen goes to Japan with a four-point margin, with 90 points, to 86 for Schumacher.

Sweden and Italy Advance, Leaving Spain and U.S. in the Dust

By Christopher Clarey

STOCKHOLM - Meaningless tennis was played in several time zones on Sunday - an occupational hazard for those who take an interest in Davis Cup.

It was a muted finish to a muted round for this individualistic sport's most prestigious team com-

Sweden and Italy already had clinched their spots in this year's final by taking insurmountable 3-0 leads Saturday after the doubles matches.

The Swedes did it with overwhelmi stultifying, ease as Jonas Bjorkman and Nicklas Kulti routed Spain's Javier Sanchez and Julian Alonso, 6-2, 6-2, 6-2, in little more than an hour on the shores of the Baltic.

The Italian victory over the Americans on the banks of Lake Michigan was a lengthier and much more compelling matter.

After surrendering a two-set lead. Andrea Gaudenzi and Diego Nargiso recovered to defeat Todd Martin and Justin Gimelstob in Milwaukee, 6-4, 7-6 (7-3), 5-7, 2-6, 6-3. It was enough to deprive the emotive Nargiso of his balance, and after he had dropped to the indoor surface that had proved too slow for their blundering hosts, Gaudenzi soon

Italy was in its seventh Davis Cup final and first

since 1980 and this time, the Italians will at last get babwe in the second round on a most favorable the chance to play one at home. The likely site for surface: clay. In the semifinals, they got to play an the final from Dec. 4 to 6 is the Forum di Assago in American B team that was lacking Pete Sampras Milan. The likely surface is clay indoors, which would allow the Italians to keep Bjorkman on the bench in singles.

But likely is hardly the proper word to describe Italy's run this season. While the Spaniards are Davis Cup's perennial

underachievers, the Italians have made a

THE DAVIS COP

habit of punching above their weight. They possess no players capable of posing threats in the Grand Slam events, yet they have reached the Davis Cup semifinals the last two years and now the final.

It is partly a question of motivation: "Italians don't follow us much when we play on the tour,' Gaudenzi said. "But when it gets to Davis Cup, when there is a flag involved, Italy is very emo-

It is also a question of good fortune.

When the year began, it appeared the Italians would have to face the powerful Australian team in the second round on a most unfavorable surface: grass. But after Mark Philippoussis chose not to play for Australia in the first round against Zimbabwe and Patrick Rafter had to play ill, the Australians were upset, and Italy got to host Zim-

and Andre Agassi, who both declined the honor, and not for the first time.

On an indoor surface that proved slower than the Americans hoped — even though their workmen laid it - the Italians dropped just one set in the opening singles matches as the 37th-ranked Gaudenzi beat a visibly nervous Davis Cup rookie, Jan-Michael Gambill, and 47th-ranked Davide Sanguinetti surprised Martin in straight sets.

"It's not our fault if Sampras and Agassi didn't Ciandenzi said

But their absence did cast a pall over these semifinals, and Agassi's sniping at Gullikson and the United States Tennis Association during the recent U.S. Open did little to help the reputation of the event in a country where it has lost much of its appeal.

Yannick Noah's recent decision to resign as captain of the French team to spend time with his children was a more global blow. His presence and infectious charisma will be impossible to replace.

In the six years Sampras has been the world's best player, the United States has won the Cup just once. He refused to play altogether in 1996 and 1998, claiming the season already was too long.

"I'm very sorry and disappointed for the Cup that the Americans don't play their best guys, said Spain's captain, Manuel Santana.

Other teams are always at full strength. Sweden, which defeated Spain by the final score of 4-1, has been the most cohesive and dominant force of late: winning in 1994 and 1997 and reaching the final in

"Because we are a small country, our players grow up in the same clubs and same tournaments," said Jan Francke, president of the Swedish Tennis Association. "They know each other well, and Davis Cup is a chance for them to come together as

The Swedes should savor their success, because next year there will be fewer guarantees. Even if amoras continues to abstain. Davis Cup's Group should be much more competitive.

The Spaniards and Germans are young and committed. So are the Russians, who qualified for the World Group by beating Japan, 4-1, this weekend and now have two dangerous players in Marat

Safin and Yevgeni Kafelnikov.

Australia and Britain also qualified: the Australians by defeating Uzbekistan, 5-0, and the British by beating India, 3-2, to reach the World Group for the first time since 1992.

For Britain, a nation with a taste for history, it was a timely result. Next year will be Davis Cup's centennial, and when this event was by the Americans in 1900, Britain was their only opponent. Unlike the best Americans, the best Britons - Tim Henman and Greg Rusedski — still care.



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